

## NEWS SUMMARY

## GENERAL

## BUSINESS

## Polish workers plan new strike

Poland's strongest independent union, which claims about 2m supporters, plans a one-hour national stoppage on Friday.

It says that promises of increased wages made when the summer strikes were settled have not been kept.

Poland's Politburo is said to be split on where the blame lies for the ruling Communist party's troubles and on new policies. *Back Page*

But hard-line neighbours, East Germany and Czechoslovakia, have echoed Soviet warnings about "anti-Socialist manifestations". In Poland, *Page 2*

## Rhodie cleared

Former South African information chief Eschel Rhodie won his appeal against conviction for misusing secret Government funds. *Page 4*

## Irish police find

Irish police detained six when they raided a remote farmhouse near Listowel in County Kerry, where they found arms and maps. They suspected it was a Provo training camp. In Belfast, six Protestants appeared on terrorist charges, including two murder cases.

## Sinai base talks

Israel is to talk next week about providing the U.S. with a military base in Sinai and signing a defence pact. *Page 4*

## New Lord Mayor

Colonel Ronald Gardner-Thorpe, a Lloyd's underwriter and twice a Liberal Parliamentary candidate, will next month become London's first Roman Catholic Lord Mayor since the Reformation. *Picture, Page 7*

## Old folks' outings

Old age pensioners will be able to travel anywhere on British Rail for a £1 return, from Monday to Thursday any week next month—on off-peak trains. *Page 6*

## Groom jailed

John Robinson, 19, was sent to detention centre for three months at Stafford, for holding Dawn Robinson, 19, captive, after breaking into her bedroom with shotgun and axe in a bid to persuade her to marry him. She died five days before the hearing.

## Dodgers' drive

The Government is to spend £1m in a drive to catch TV licence dodgers. *Page 7*

## New vehicles

Out today in Britain are two new "executive" cars, the Opel Commodore and a modified version of the Vauxhall Viceroy, and a restyled Bedford van. The Motor Industry Research Association has unveiled a safety lorry, based on the new Leyland T45. *Page 6*

## Neo-Nazis freed

Five of six neo-Nazis, including Karl-Heinz Hoffmann, leader of an outlawed group, arrested after the Munich beer festival bombings, have been released. *Page 2*

## Briefly...

British Rail is to close part of the Cambrian Coast line in a fortnight for checks of the worm-infested viaduct over the Mawdidda at Barmouth. Rotterdam is to license floating brothels—to help clean up the red light district and provide housing space.

Lifeboat rescued 29 when Hull trawler Junella ran aground on Comet rocks, Isle of Skye.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence, unless otherwise indicated)

RISES	
Adwest	173 + 4
Bassett (G.)	45 + 5
Caravans Int'l	29 + 5
Chambers & Fergus	38 + 8
Currys	223 + 8
Grimshawe	63 + 6
Kean and Scott	87 + 12
Mallinson-Denny	723 + 34
Metairax	57 + 34
Miller (F.)	42 + 33
Negratti & Zambra	33 + 33
Parker Knoll A	53 + 5
Roschaug	183 + 7
Royal Bk. Scotland	98 + 4
Supra	54 + 4
Berkeley Explorer	215 + 12
Marinex	160 + 12
Sovereign Oil	335 + 15
Tricentrol	378 + 10

FALLS	
Excheq	121p - 55 - 1
Arrow Chemical	20 - 3
Boots	235 - 4
Fisons	193 - 1
Leeds (J.) A	50 - 5
Leird Group	103 - 5
Pilkington	231 - 6
Plessey	226 - 5
Thorn EMI	324 - 6
Berjuntal Tin	240 - 15
Gold Mn. Kalgoorlie	97 - 28
Malayan Tin	99 - 8
Sungai Besi	240 - 15
Vaal Reefs	283 - 11
Western Mining	277d - 15

## Labour Right wing to stay and fight the Left

BY RICHARD EVANS, LOBBY EDITOR

THE BATTLE

for control of the Labour Party intensified sharply last night when Right-wing leaders led by Mrs. Shirley Williams implored moderates to fight the Left until it was now coming to a head.

At a packed rally on the first day of the Blackpool Conference organised by the Campaign for Labour Victory, Right-wing leaders warned that the "suicidal" policies advocated by the National Executive Committee must not be allowed to keep Labour out of power for a generation.

The significance of the meeting was that for the first time the so-called Gang of Three—Mrs. Williams, Dr. David Owen and Mr. William Rodgers—and their trade union allies have pledged themselves to fight within the Labour Party until moderate policies prevail.

Previously, the rear-guard fight by the Right against encroaching Left-wing control has been hampered by fears that some of the leaders were contemplating leaving the party to join Mr. Roy Jenkins in his planned new centre grouping.

That option has now been abandoned and the battle for control of the Labour Party will intensify, not just at this week's conference but right up to the next general election.

Mrs. Williams's speech, and those of Left-wingers, including Mr. Anthony Wedgwood Benn,

don't there will not be a Labour Party worth the name."

"We are going to fight to save this Party and by God I think we can," Mrs. Williams shouted to roars of support, which drowned out persistent Left-wing hecklers.

She stressed that a basis remains for unity within the party over the Common Market, defence, and other contentious issues, if the Left desired it. But she said she saw an element of fanaticism that defined compromise.

"There are people who are frightened to go out to their local parties because they are afraid of being shouted at... a lot of people in our movement really are frightened now," she declared.

If, as seems probable, Mr. Callaghan defeats the Left this week on two of the three constitutional issues, but the conference passes some extreme Left resolutions and moves towards withdrawal from Europe, the conflict will continue over a wide front, and polarisation will be more marked than ever.

The big question mark is still whether the Labour Party can recover its unity under new leadership, whenever Mr. Callaghan retires, soon enough before the next election to give a prospect of victory.

Mr. Healey, who will remain clear favourite if the present

Continued on Back Page

Conference reports, Page 9  
Brussels report on trade  
benefits to Britain, Back Page

misleadingly threw his hat into the ring by speaking in the economic debate, and supporters of other candidates increased their activities.

Ironically, the rally at which Mrs. Williams was speaking took place on the 20th anniversary of Mr. Hugh Gaitskell's historic "fight, fight, and fight again" speech at Scarborough against unilateral nuclear disarmament.

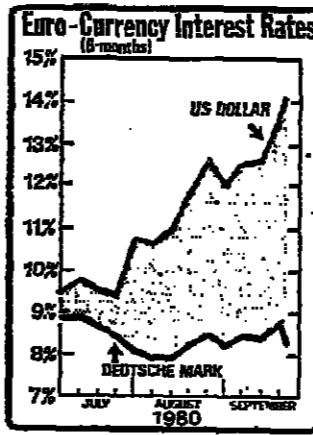
Mrs. Williams, the acknowledged political leader of the Right, warned party moderates that "the time has come when you had better stick your heads up over the parapet and start fighting... because if you

are marked than ever.

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Continued on Back Page



## \$ Eurobonds hit by U.S. interest rise

By Francis Ghiles

THE CONTINUING rise in U.S. interest rates finally took its toll of dollar Eurobond prices yesterday. Prices of fixed interest rate bonds fell by more than one point with some individual issues dropping by more than two points.

Prices slipped by less than one point during the whole of last week.

Bankers believe the fall in prices was mainly the result of widespread lack of buying interest from investors coupled with a growing unwillingness among dealers to stock up any paper while fears of further U.S. interest rate rises remain. Selling orders are said to be quite small.

The six-month Eurodollar interest rate has moved up by 1½ percentage points during the past week to 14½ per cent. This is above the yield offered on most outstanding dollar Eurobond issues and fuels speculation that prices could fall further in the days to come.

Another factor which is making investors unhappy is the volatility of U.S. short-term interest rates. Many bankers believe this factor is as much to blame as all the others for keeping investors in the sidelines.

The non-dollar sectors of the Eurobond markets are also being hit by the rise in U.S. interest rates as this implies an increase in rates elsewhere. This is because other countries, notably Germany, have pegged their own interest rates to those in the U.S. in an attempt to stop funds flowing away from their own country.

The gap between D-Mark and dollar interest rates has grown in recent weeks, making the placement of foreign D-Mark bond issues difficult. It is now necessary to offer the investor a much higher return.

5 in New York

	Sept. 26	previous
Spot	£2.3860-3170	£2.4050-4037
1 month	£2.4580-4585	£2.4550-4588
3 months	£2.4860-4880	£2.4830-4878
12 months	£2.5160-5180	£2.5020-5275



BY RICHARD JOHNS IN BAGHDAD AND ROGER MATTHEWS IN LONDON

IRAQ ACCEPTED yesterday the United Nations Security Council's call for a ceasefire in its nine-day war with Iran, but showed no signs of softening its terms.

Those were spelled out by President Saddam Hussein of Iraq in a late-night television broadcast on Sunday. They involve Iran's recognising Iraq's "legitimate rights"—a reference to the Shatt al-Arab waterway and certain border areas—and abandoning its occupation of three islands at the mouth of the Gulf.

Iran has already rejected them. Yesterday's highly qualified acceptance of the ceasefire call came after another day of conflicting military claims and little evidence of significant changes on the battlefield.

Fears that the conflict may widen together with the cut-off in oil supplies from the two Gulf states failed to push up the spot price of crude in Western Europe yesterday. The increases ranged up to \$4 a barrel for high-quality crudes.

Iraq claimed to be poised to take the strategic town of Dezful, with its large airbase and communications network, but this was denied by Tehran. Fighting seemed to be continuing in and around the Iranian towns of Khorramshahr, Abadan and Ahwaz, which have been claimed to be in the control of the Iraqi army.

As President Zia Ul-Haq of Pakistan arrived in Baghdad on the second leg of his Islamic goodwill mission, the Iraqi representative at the United Nations said his country was ready to accept the Security Council's call for a ceasefire.

Iran, however, is continuing to demand a total Iraqi pull-out, and Mr. Mohammad Mokri, the Iranian Ambassador to the Soviet Union, yesterday added further conditions for any ceasefire.

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President Bani-Sadr of Iran said in an interview with an American magazine that Iran might try to blockade the Strait of Hormuz if that happened.

"We'll use everything we have in our power."

He was backed by Admiral Afdal, commander of the

Iranian navy, who said his forces were in control of the Strait of Hormuz and had pinpointed the positions of Iraqi naval vessels which were sheltering in Gulf ports.

Admiral Afdal threatened to attack these units if a political solution governing their departure was not reached.

The Iranian navy said it attacked the Iraqi oil terminal at Fao yesterday and claimed it had inflicted heavy damage.

With military attention concentrated on the battle for Dezful and Ahwaz, which together hold the key to the control of Khuzestan province, there were few reports of aerial activity, apart from an attack by a lone Iranian F-5 on the bridge across the Shatt al-Arab.

Some military experts believe this may be because both sides are husbanding their resources for a possible Iraqi attack on the islands of Greater and Lesser Tumb and Abu Musa at the mouth of the Gulf.

Last night the Iraqis claimed to be closing on Dezful, but there was no confirmation of this.

President Hussein wants to have possession of Dezful and other major towns before he agrees to any ceasefire.</p

## THE WEST GERMAN ELECTION

## Liberals confident of poll success

BY JONATHAN CARR IN BONN



Herr Hans Dietrich Genscher: change of mood

WEST GERMANY'S Liberal Free Democratic party (FDP), junior partner in the Bonn coalition Government, appears increasingly confident that it will be returned to Parliament in next Sunday's general election.

Herr Hans Dietrich Genscher, the party's chairman and Foreign Minister, told a news conference here yesterday that fears that the Liberals might be crushed in the election campaign between the major parties of left and right, had not been realised.

He also noted with some apparent pride that, in contrast to the larger parties, the FDP had not been hauled before the arbitration committee, an independent body which has sought (with limited success) to ensure that the campaign is

conducted fairly and without invective.

Herr Genscher's confident tone contrasts markedly with the stand he has adopted since the summer—namely, that the FDP's very existence was in danger and, with its three-party representation in the Bundestag.

This fear is underlined by the FDP's coalition partners in which a pensive Herr Genscher peers out beneath the slogan: "This time everything is at stake." The point is that if a West German party obtains less than 5 per cent of voter support, it cannot have a parliamentary seat.

In the 1976 general election, the FDP gained only 7.9 per cent, and in polling earlier this year in North Rhine-Westphalia, the country's most populous

state, it slipped just below the 5 per cent mark.

Most independent assessments suggest that Herr Genscher has cause to be confident. No major opinion poll at present gives the party less than 5 per cent and one is giving it 9 per cent.

The matter is at least as important to the FDP's coalition partner, the Social Democrat party under Chancellor Helmut Schmidt. The Christian Democrat, Christian Social Union opposition, under its leader Herr Franz Josef Strauss, has recently been gaining ground with the voters.

But so long as the FDP does relatively well and sticks with its coalition partner, which it says it plans to do, the opposition has an almost impossible task in unseating the Government.

Tells the story of the Nazi persecution of the Jews.

By contrast, left-wing terrorism by the Baader-Meinhof group and its successors has involved a stunning series of well planned kidnaps and murders. Matters have calmed down since 1977, which saw the kidnap and murder of Herr Jürgen Ponto, the Dresden Bank president. Herr Hans Martin Schleyer, president of the Industry Federation, and Herr Siegfried Buback, Federal State Prosecutor. But recent police investigations have shown that left-wing terrorists may be planning further action.

In short, the scope and nature of right-wing terrorism is far more modest than its left-wing counterpart. The Hoffmann group, for example, has about 80 members and an estimated support of 400, but many of these are not terrorists in any real sense. The group has to finance itself through the purchase of surplus army vehicles which it re-sells in the Middle East.

But although the authorities' neglect of right-wing extremism is understandable, it is clearly mistaken. Herr Hoffmann's contacts with Belgian, Austrian and Italian right-wing extremists have to be taken seriously. Arms seem to have moved freely across borders of such groups.

## Potential vote

Some of the potential NPD vote may have drifted to the conservative opposition but they probably sit uncomfortably in the Christian Democratic and Christian Social Union parties, which have strong liberal democratic foundations.

As these conservative parties have moved to capture the middle ground of politics they have left behind the extreme right-wingers, who have no natural party of their own.

The danger then is that the very isolation of such groups will make violence seem the only available way to express their politics. This dilemma is common to both left and right-wing terrorists and it is not unique to West Germany. The only course for a liberal democracy is to put up an argument that erodes the support of such groups.

## Extreme Right makes a claim for attention

BY ROGER BOYES IN BONN

ARMOURED CARS cluster around government buildings, bullet-proof glass divides politicians from voters, and top businessmen seem incomplete without fresh-faced bodyguards in lumpy suits. Since the Baader-Meinhof terrorist group burst on to the West German political scene in the early 1970s, the country has become adept at shielding its decision-makers.

Last weekend's bomb attack in Munich, in which 12 people died and 200 were hurt, has shown that official efforts to stamp out left-wing terrorism have led to relative neglect of right-wing extremist groups. They are admittedly a far smaller threat, with no ground-swell of support, with very limited resources and little coherence. But how is one to explain the fact that Karl Heinz Hoffmann, the leader of the paramilitary right-wing extremist group suspected of the Munich explosion, has been able freely to organise neo-Nazi meetings (complete with uniforms and in some cases weapons), has been allowed to buy surplus military vehicles and even to hold armed war games?

Herr Hoffmann has previous convictions (suspended sentences for grievous bodily harm) and his group was officially banned this year, yet

his activities have continued.

Police have confirmed that the Munich bomb was laid by a member of the Hoffmann group, but it is still not clear whether he had the full backing of the organisation. Herr Hoffmann was briefly detained and released last weekend. Guns, explosives and ammunition were seized at his home. Herr Gerold Tandler, the Bavarian Interior Minister, has not given an adequate explanation for the delays in police action against the Hoffmann group. Meanwhile, the buck continues its pre-election course between the Bonn Government, the federal State prosecutor and the Bavarian Interior Ministry.

## Police raids

Herr Tandler, the Christian Democratic opposition in Bonn and, indeed, the Government have all stressed that the main threat is still from left-wing terrorists as recent police raids and arrests have confirmed. Security service statistics show that though right-wing inspired crimes have risen from 47 cases in 1971 to 113 last year, many of these were relatively innocuous. In 1979 only four cases of right-wing terrorism were investigated, two involving bomb attacks on broadcasting stations after the televising of the serial "Holocaust" which

tells the story of the Nazi persecution of the Jews.

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## Andalucia compromise sought

By Robert Graham in Madrid

THE SPANISH Government has made a conciliatory move by seeking all-party agreement to resolve the question of Andalucia's regional autonomy. Controversy over this issue was an important element affecting Prime Minister Adolfo Suárez's recent Cabinet shuffle and his seeking a vote of confidence from Parliament.

Sr. Suárez has formally invited Sr. Felipe González, the leader of the main opposition Socialist party, to discuss regional policy and the particular case of Andalucia. This will be the first such meeting since the beginning of the year when the Government changed radically its approach to devolution.

The change in regional policy was the prime cause for a complete breakdown in consensus politics this year.

Until now only those regions with "historic" identities have been permitted to follow the same constitutional process for autonomy as the Basque country and Catalonia. Galicia was included in this category, but Andalucia was excluded.

The only way any other region could follow the same road was via a referendum. One was held in Andalucia on February 28 when 54 per cent of the voters favoured this process which was considered quicker and contained wider powers for the regional government. But the result was discounted on the technicality that there had to be an absolute majority in every province of Andalucia. One province returned less than 50 per cent endorsement.

Last week for the first time, Sr. Martin Villa, the newly appointed Minister for the regions, conceded in Parliament that a formula had to be found to enable this clear popular vote to be considered in the same way as the "historic" regions.

## Netherlands payments setback

By Charles Batchelor

THE NETHERLANDS' poor trading performance led to a sharp increase in the deficit on its balance of payments current account in the second quarter of 1980.

A deficit of F12.2bn (£468m) on a transactions basis was recorded in the quarter compared with a deficit of F1.1bn in the preceding three months and a surplus of F158m in the same period of 1979, according to seasonally adjusted official figures.

The balance of payments deficit in the first six months of 1980 rose to F13.3bn from only F11.95bn in the same period last year and is well over half the total deficit of F14.5bn which has been forecast for the year as a whole.

The worsening of the balance of payments position in the second quarter was due entirely to the increase in the visible trade deficit, which rose to F11.5bn from F1300m in the first three months.

Exports fell by 4.5 per cent in value while imports declined by only 1 per cent. After a deterioration in the first quarter, the terms of trade improved in the period under review, partly due to the increase in the gas export price resulting from higher oil prices.

The deficit on invisibles fell slightly, to F1700m from F1800m in the first quarter.

This year will be the third in which the Netherlands has run a balance of payments deficit following a six-year period in the first half of the 1970s when often sizeable surpluses were recorded.

The Government has made reducing the deficit one of the main targets of its 1981 budget revealed earlier this month and it hopes to cut the deficit to F1bn next year.

## Swedes threaten to bomb submarine

BY WILLIAM DULLFORCE, NORDIC EDITOR IN STOCKHOLM

THE SWEDISH navy may use depth charges to force to the surface a foreign submarine which has been playing hide and seek with it in the island belt off Stockholm for nearly two weeks. Mr. Eric Krönumark, the Defence Minister, warned here yesterday that the Swedish navy is understood to have secret installations.

Its nationality has not yet been determined for sure, but Swedish officers have stated that it is a diesel-engined vessel of Soviet construction.

A destroyer, a coastguard vessel, torpedo boats, and helicopters have been hunting the intruder. Depth charges have been dropped four times as warnings but not close enough

to do damage. Mr. Krönumark indicated that charges could now be exploded closer to the submarine but that decision would be taken by the Joint Chiefs of Staff.

It was the most serious encroachment of Swedish territorial waters since the Second World War, Mr. Krönumark said. The Swedish navy records between eight and 12 intrusions a year by foreign submarines from both Warsaw Pact and NATO countries but seemed several times in a high security area, where the Swedish navy is understood to have secret installations.

The foreign power which had sent the submarine into Swedish waters would bear full responsibility for any damage it might sustain, he added. The submarine has been spotted twice by foreign sub-marines from both Warsaw

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## AMERICAN NEWS

# 'Democrats for Reagan' group set up

BY DAVID BUCHAN IN WASHINGTON

Mr. Jaworski...  
post-Watergate approval

MR. RONALD REAGAN is preparing an electoral raid on the Democratic camp with yesterday's announcement that Mr. Leon Jaworski, the prominent Texas lawyer and former Watergate prosecutor, is to head a "Democrats for Reagan" organisation.

At the same time, all three Presidential candidates are stepping up their campaign schedules with only a month to go until election day. President Jimmy Carter is increasing his travel from the usual two days a week to three, visiting New York yesterday and then the Midwest later this week, while Mr. Reagan, his Republican challenger, and Mr. John Anderson, the independent runner, have planned cross-country appearances all week.

Winning Mr. Jaworski's public support will help Mr. Reagan in Texas, a state with the fourth largest weighting (26 votes) in the Electoral College and which Mr. Carter will be pushed to repeat his 1976 success in carrying.

Mr. Jaworski heads a large Houston law practice, as does Mr. John Connally, now a Republican backer of Mr. Reagan, but who as a Democrat in 1972 headed a similar "Democrats for Nixon" group eight years ago.

With loose party discipline in the U.S., the formation of "cross-party" groups such as Mr. Jaworski's is by no means exceptional, and because there are many fewer official Republican Party members than Democrats in the country, is not necessarily a real threat to Mr. Carter. But if there are any lingering suspicions about the Republican Party over Watergate, then Mr. Jaworski is of course the man to dispel them.

Behind the candidates' decision to increase their appearances on the election stump is the realisation that they are now very unlikely to agree on any more televised debates and that the Baltimore debate

## Aircraft carriers 'not ready for combat duty'

BY OUR WASHINGTON CORRESPONDENT

ONLY HALF the U.S. aircraft carrier force is at present rated ready for combat, according to a confidential Defense Department report whose disclosure to the Press this week comes hard on the heels of another report about the poor shape of U.S. army divisions. The reports seem sure to fuel the controversy about military "leaks" during the Presidential campaign.

The Carter Administration has already launched an internal inquiry into the source of the leaks, though some officials have pointed the finger at Republican leaders on Capitol Hill. Reports of military unreadiness can be used to substantiate Mr. Ronald Reagan's charges that the Administration's policies have short-changed the armed services.

But Republicans have accused the Democratic Administration of doing some leaking of military secrets to its own electoral advantage. In particular, Mr. Reagan and his party have complained that last month the Administration revealed the existence of the top secret "stealth" programme—designed to make aircraft all but invisible

to Russian radar—to offset the public impact of its earlier decision to cancel the B-1 bomber project planned by Republican President Gerald Ford.

The Defence Department maintains that the overall condition of the U.S. services is better today than it was five years ago, though all sides agree that the services are losing too many skilled personnel because of low pay and arduous conditions.

This is the prime factor in the latest report, which showed that this month only six of the 13 carriers were ready for combat, as were only 94 of the navy's 155 air squadrons. Earlier this year, Admiral Thomas Hayward, Chief of Naval Operations, complained to Congress that the navy was suffering "haemorrhage of talent" as skilled sailors and navigators left for better-paid civilian jobs.

With fewer permanent bases abroad, the U.S. has increasingly relied on its carrier force, the largest warships afloat, to project power in distant parts of the world. The core of the present U.S. force in the Indian Ocean consists of two carriers with about 50-60 aircraft apiece.

## Metropolitan Opera threatened by strike

BY PAUL BETTS IN NEW YORK

CIVILISATION in New York risked being delivered a fatal blow yesterday as the management of the city's internationally renowned Metropolitan Opera House threatened to cancel the company's entire 1980-81 season. Its opening has already been delayed by a bitter dispute over pay and working conditions between the company and its orchestra.

Desperate last-minute efforts were being made yesterday to settle the dispute as the company set an ultimatum that rehearsals must begin today.

Cancellation could have dire consequences for both the city of New York and the Met, which claims in its advertisements that "there has always been and there will always be a place for civilisation."

The degree of controversy the affair is now generating in New York was eloquently reflected in a New York Times editorial last week. The newspaper claimed this was not just any strike and not just any institution. "To lose it for a year is sad to contemplate, not only for jobs and tourism but for civility and art."

The Met orchestra is demanding a 12% per cent pay rise in each of the next two years and a four-performance week instead of the current five-performance week. But the Met's management has said the

company cannot afford the additional costs.

The orchestra has stuck to its demands largely because the company, unlike other leading opera houses, has been profitable during the past three years.

Mr. Anthony Bliss, the executive director of the Met, has indicated that he has refused to make a settlement that risked pushing the company back into the red.

The Met's new season was scheduled to open at the end of this month with a new performance of Puccini's *Turandot*, featuring the Italian tenor who has become something of a superstar in the U.S. The new season also included productions of such favourites as *Tosca*, with Renata Scotti, and *La Traviata*.

Even if the strike is settled, the season could be badly disrupted, as most of the international stars may not be able to accept new performances due to other engagements.

For an audience paying about \$50 (£20) a ticket, this would be a major disappointment.

Moreover, the strike and probable cancellation of the 1980-81 season could eventually see the Met lose its dominant place in the North American music establishment to other rich opera houses like San Francisco, which have been spending large sums to attract the big international singers.

## Nuclear power vote fails to clear air

MAINE, a rural and poor New England State, voted last week down the State's only nuclear power plant, Maine Yankee, on whether or not to close. When the votes were counted, the winners did not claim that they had won, and the losers would not admit that they had lost.

With 54 per cent of the eligible voters participating, Maine decided, by 59 to 41 per cent, to keep the plant open. It was the first time that the people of any State had faced such a choice.

Mr. Elwin Thurlow, the president of the Central Maine Power Company, which is the nuclear plant's principal shareholder, took great care in the wake of the vote not to claim that it was a victory for nuclear power. "To be sure, Maine people wanted their plant kept open, but Mr. Thurlow found

that the strong vote to close it meant that the people were concerned about nuclear

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## OVERSEAS NEWS

A special correspondent in Tehran reports that the conflict has started to hit home

## Iranians face fuel and food shortages

IRAN YESTERDAY reverberated with denials and condemnations of any form of negotiations with Iraq, following the departure of Pakistan's President Zia-ul-Haq on the second leg of his goodwill mission to the region.

With the war now into its second week, Mr. Mohammed Ali Rajai, Iran's Prime Minister, said on the state radio: "This is not a war that will finish in a few days."

At the battlefield fronts seem to have quietened down with only scattered fighting reported in the south-west. However, there are indications that

Iraqi forces may be being assembled for a decisive push against the cities of Khorramshahr, Abadan, Ahwaz and Dezful, should Iran not agree to the terms outlined by President Saddam Hussein of Iraq.

In Tehran itself the effects of the war on food supplies and the economy are causing concern. The Prime Minister has ordered the setting up of a special economy committee to co-ordinate and control the activities of various ministries.

Iranian leaders, having refused mediation from the Islamic conference, are making the efforts of Mr. Yasser Arafat,



the leader of the Palestinian Liberation Organisation, equally difficult. Ahmed Khomeini, son of Iran's leader, Ayatollah Khomeini, told the Palestinian leader: "What I expect from

you is that you make your position on the Iran-Iraq problem clear... it is not in your interest to talk about negotiations."

From the Khuzestan province confusing reports and conflicting claims continue to dominate the news. The city of Ahwaz that Iraq has claimed to be one of its key objectives is still in Iranian hands.

A nurse in one of the main hospitals in the city said: "Things have been quiet for the last 24 hours although the people are very tense after severe shelling three days ago." The situation also seems quiet around the nearby city of Dezful, with its important Vahideh

airbase. Not only is the supply cut for much of the night but for the last two days many parts of the city were without electricity during much of the day as well.

There is, therefore, some concern for the maintenance of the food-processing and storage facilities. For the first time yesterday the commentator on Iranian television spoke of plans to introduce food rationing.

In Tehran senior officials at the city's Mehrabad airport said privately that three or four Iraqi MiG's had been in the sky over the city, but that they had not made any bombing runs "due to intense anti-aircraft fire."

Reflecting increased concern at the effects of the war, Mr. Mohammed Tavassoli, Tehran's mayor, said yesterday: "The people of Iran are feeling the effects of the war but they are willing to bear these difficulties with revolutionary patience..."

The most common problems arise from the frequent power cuts. Not only is the supply cut for much of the night but for the last two days many parts of the city were without electricity during much of the day as well.

## Israel and U.S. to discuss a base in Sinai

BY DAVID LENNON IN TEL AVIV

ISRAEL will discuss the possibility of providing the U.S. with a military base in Sinai and of signing a mutual defence pact for years with Saudi Arabia and Jordan. But U.S. officials say that there is no such secret dialogue and that there has always been a constant exchange of views.

Israel was particularly upset by the cancellation of the strategic talks which, it said, were due to be held earlier this month, because of the feeling that it was being shunted aside by Washington while the U.S. was building up military and strategic co-operation with Egypt.

Having long argued that it is a strategic asset for the West, Israel has been dismayed by its exclusion from the U.S. search for new military bases in the region, following the Soviet invasion of Afghanistan.

Both publicly and privately Jerusalem has suggested on a number of occasions that the U.S. should utilise Israeli facilities for its new Rapid Deployment Force. The Prime Minister and other Israeli politicians have said frequently that they would welcome an American base.

In addition to cancelling the strategic dialogue, the U.S. also recently cancelled planned U.S.-Israel joint submarine manoeuvres and rescue operations. They are now to be held on paper, around a map.

## Japanese industrial output down 3.8% in August

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

INDUSTRIAL production in Japan fell 3.8 per cent in August from the July level and was only 2 per cent up on the level of the previous year, the Ministry of International Trade and Industry has announced.

The fall was by far the sharpest to have been reported, since industrial output began shrinking early this year. It reflects stagnating consumer demand and attempts by manufacturers to offset increases in inventory. Shipments of industrial products also fell in August and were actually below the levels of a year ago by 0.9 per cent.

Although the August figures for industrial output appear to show a dramatic fall officials in the Economic Planning Agency caution against the idea that Japan is slipping into recession. Some recovery of production is expected in September and October and there is a possibility that this may be sustained into the final two months of the year. If such a change does occur it will confirm the view of Government economists that inventory adjustment by industry has been almost completed and that the economy is already passed the worst of the current mini-recession.

The 13 city banks, which handle about 20 per cent of all lending activity in Japan, will be able to increase new lending by 7.6 per cent over the amount specified in the October-December 1980 quarter, or by Y1.610bn (53bn). Long-term credit and trust banks will be allowed slightly higher rates of increase over last year.

## Valindaba target disclosed

By Our Johannesburg Correspondent

SOUTH AFRICA has disclosed the scale of its uranium enrichment operation for the first time, almost three years after the building of the factory at Valindaba, outside Pretoria, was first disclosed.

The plant will have an enrichment capacity of 50 tonnes a year by the middle 1980s—just enough to supply the country's sole nuclear power station currently being built—according to a pamphlet just published by the South African Uranium Enrichment Corporation.

This marks an extension of the pilot enrichment plant. South Africa has operated since 1975, using its "jet-nozzle" process.

At the same time the Electricity Supply Commission has confirmed that the consumption of the twin-reactor Koeberg nuclear power station outside Cape Town will be around 48 tonnes a year.

On present schedules, the Valindaba plant will not be on stream in time to supply the first low-enrichment uranium required by Koeberg, where the first generating set is due for completion in December next year.

The electricity commission has a contract for the initial supply of enriched uranium using uranium ore concentrate from indigenous sources—with the U.S. Department of Energy.

Recent indications from Washington suggest that the U.S. Government may renege on the contract if South Africa refuses to sign the nuclear proliferation treaty.

The reactor vendor, Framatome of France, is to supply the finished fuel assemblies through Cogema-France's state-owned nuclear fuel company.



Dr. Rhoodie: a plausible explanation

## Rhoodie acquitted

By Quentin Pepli in Johannesburg  
DR. ESCHEL RHOODIE, architect of South Africa's controversial propaganda war of the 1970s, yesterday won his appeal against a six-year jail sentence for allegedly amassing state funds.

The decision by the Appeal Court in Bloemfontein was immediately presented by Dr. Rhoodie and his friends as vindication of the Information Department campaign which resulted in the resignations of Mr. John Vorster, the former Prime Minister, and Dr. Constance Mulder, the Minister of Information.

The outcome could be embarrassing for Mr. P. W. Botha, the present Prime Minister, who owes his position to the eclipse of his rival in the scandal.

At his trial Dr. Rhoodie was found guilty of fraud for having allegedly used funds earmarked for his secret propaganda projects to buy himself a flat.

The Appeal Court judges decided, however, that Dr. Rhoodie's story, that he was simply reimbursing himself money he had previously taken from his private account, was plausible.

## War threatens Brazil with petrol rationing

BY HUGH O'SHAUGHNESSY IN RIO DE JANEIRO

BRAZIL is considering petrol rationing and is urgently seeking other sources of supply because the fighting in the Middle East has cut its access to Iraqi crude. Up to now the Iraqis provided 47 per cent of Brazilian oil imports.

Vice-President Aureliano Chaves, head of the National Energy Commission, has said that rationing could be introduced within a few weeks, although he added that such a measure would only be taken in extreme circumstances.

Brazil produces less than a

fifth of its own oil requirements and oil imports are by far the greatest burden on an already over-burdened balance of payments. Brazil's oil stocks are said to amount to 100m barrels which, given the daily consumption of around 880,000 barrels, is enough for 110 days.

Earlier this year, Brazil took the precaution of building up oil stocks. It is urgently seeking new supplies but Vice-President Chaves commented that "the only way is by economising."

Brazil came to be heavily dependent on Iraq after the

overseas arm of the state oil company, Petrobras, found oil in Iraq near Majnoon. Brazil gave up the right to oil from the specific fields its engineers had located in exchange for a general agreement for fuel supplies from Iraq.

In the 1970s, Brazil became a major supplier of arms to Iraq and has declared that it will continue to sell weapons to Baghdad. Brazil has also won large public works contracts in Iraq.

Rik Turner in São Paulo adds:

Brazil is negotiating a major arms package with Iraq involving products ranging from combat aircraft, light armoured cars, kits for the conversion and updating of non-Brazilian tanks, medium-range missiles and rocket launchers.

## Delhi seeks Soviet aid

BY K. K. SHARMA IN NEW DELHI

INDIA IS greatly worried by the threat of a cut in oil supplies from Iraq and Iran persists. India has asked Russia to make long-term arrangements. The Indian President, Mr. N. Sanjiva Reddy, left for Moscow yesterday on a state visit and is bound to discuss the question of oil supplies.

Spot purchases will be made immediately from whichever Middle Eastern country is willing to make the sales and the immediate intention is to buy 350,000 tonnes. This will add to the annual import bill which already accounts for about 60 per cent of total export earnings

In case the cut in supplies from Iraq and Iran persists, India has asked Russia to make long-term arrangements. The Indian President, Mr. N. Sanjiva Reddy, left for Moscow yesterday on a state visit and is bound to discuss the question of oil supplies.

Mr. Reddy said he had twice been approached unofficially by members of the U.S. Administration who wanted to know whether Israel would give the U.S. a base in Sinai and sign a mutual defence pact. The Prime Minister said that he would support the idea if the initiative came from the American side.

He made no reference to the fact that all Sinai is due to be returned to Egypt in about 18 months.

Mr. Begin said that the visit by the senior U.S. official signalled a resumption of the formerly secret strategic dialogue between the two countries, which was suspended by the Americans a few weeks ago.

According to Israeli officials, the talks on strategic co-operation have been held annually by

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Japan

## Austria rejects Polish bid for £700m credits

BY PAUL LENDVAI IN VIENNA

DR. JOSEF STARIBACHER, the Austrian Trade Minister, announced yesterday that he had rejected a Polish bid for new Austrian credits worth Sch 21bn (£700m).

The issue was raised last week during the meeting of the Polish-Austrian Joint Commission in Cracow.

Poland had sought the money to finance the construction of coal-fired power plants and offered to provide additional deliveries of power for Austria as of the mid-1980s.

Dr. Bruno Kreisky, the Austrian Chancellor, had suggested earlier this year the construction of a large power plant in Poland—finance for which was to be provided by an international consortium of banks.

Senior level talks should be resumed about such a project in November.

Meanwhile Austria hopes agreements already signed will be respected by Poland. Earlier this year Austria agreed to grant a credit line of Sch 4bn to Poland in exchange for a firm

commitment of large coal deliveries for a new Austrian power plant in all. Poland should ship 20m tonnes of coal to Austria, which also buys power from Poland.

While the Federal guarantee for the credit has still to be approved by the Austrian Parliament, the consortium of Austrian banks has already transferred half of the credit to Poland.

Experts point out that Poland has by far the largest debts among Austria's Comecon trading partners. The outstanding long-term debts are currently well over Sch 15bn.

During the first half of 1980 Poland was the most important Comecon market for Austria with sales totalling Sch 2.7bn as against imports from Poland reaching only Sch 1.6bn. Fuel, mainly coal, accounts for half the Austrian imports.

The Trade Minister said he hoped Poland would honour the original commitment to export 250,000 tonnes of coal to Austria during the third quarter.

## Sweden's first half pulp production drops 9.6%

BY WILLIAM DULFORCE IN STOCKHOLM

BOTH PRODUCTION and exports by Sweden's pulp and paper mills declined during the first half of the year, mainly due to the strikes and lockouts which affected the companies in April and May.

The industry hopes, however, that it will be able to use capacity better during the second half, according to the latest bulletin from the Swedish Pulp and Paper Association.

Output of market pulp during the first six months dipped by 9.6 per cent to 1.77m tonnes compared with the first half of 1979 while deliveries at 1.72m tonnes were 360,000 tonnes lower. The exception was mechanical pulp where

deliveries remained unchanged and production was up by 7.2 per cent to 252,400 tonnes.

Paper and board output dropped by 2.9 per cent to 2.99m tonnes and exports slumped by 8.2 per cent to 2.13m tonnes. The EEC countries took 1.54m tonnes, or about 100,000 tonnes less than in January-June last year.

Newspaper was no exception with exports down by 7.4 per cent to 526,500 tonnes and production slipping by 2.4 per cent to 704,900 tonnes. Exports of wood-free printing and writing papers tumbled by as much as 12.5 per cent, while Kraft paper deliveries to foreign customers declined by 12.8 per cent.

## To Future Generations, Security



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## Carter to unveil U.S. steel relief plan

By David Burcham Washington

PRESIDENT CARTER will announce today his long-awaited plan of fiscal relief and import protection for the ailing domestic steel industry, designed also to settle the U.S. Steel Corporation's massive anti-dumping suit against its European competitors.

The President has been impatient to go public with the steel plan for the electoral support it may win him among unemployed steelworkers who have been actively won over by Mr. Ronald Reagan, his Republican opponent.

But protracted differences in his Administration on the degree to which the domestic industry should be allowed more time to meet pollution rules has held it up.

Mr. Douglas Costle, the head of the Environmental Protection Agency, has been urging the steel industry to give firm commitments not to spend money it would save from a postponement of environmental rules on dividend payments on diversifying into other non-steel areas, but instead on new steel investment.

A key feature of the new plan will be the reintroduction of the "trigger price" system of import protection, at a higher level than when it was scrapped last spring, as an inducement to the U.S. Steel Company, the country's largest steel concern, to drop its dumping suit filed last March against steel-makers in seven European countries.

Preliminary investigation by the Commerce Department is believed to have found dumping margins of up to 50-60 per cent on some European sales in the U.S. To avoid substantial dumping duties that could result from these findings, the EEC Commission, acting for the European companies, let it be known it preferred a resumption of the old trigger prices.

The inhibiting factor of the U.S. steel dumping suit, as well as weak demand in the recession-struck U.S. market, has slightly depressed imports this year. Yesterday, the American Iron and Steel Institute reported that imports totalled 10.57m tons in the first eight months of this year, compared with 11.1m tons in the same period of 1979.

At the same time, because of a sharp increase in demand from Mexico, steel exports from the U.S. rose a remarkable 47.1 per cent in the first seven months of 1980, though the level compared to imports is small and total exports are expected to still be under 4m tons this year.

Boeing wins £13.5m turbine deals

By Our World Trade Staff

BOEING AND CO., the UK water turbine supply concern, has won £13.5m in overseas contracts, the largest of which is a £6m deal to supply three 72mW turbines to the Mahaweli Authority of Sri Lanka.

The company said it had also won a £3.9m order to supply 30mW turbines to Andhra Pradesh State Electricity Board of India and a £3.6m order for two 44mW turbines to be supplied to the Public Electricity and Water Corporation of Khartoum.

• Boulton and Paul (Steel Construction) have secured two contracts worth £2.5m, the largest of which is for the supply, delivery and erection of steelwork for the construction of a pulp and paper mill in Tanzania, the other is for design, delivery and erection of steelwork and steel decking for a Damman, Saudi Arabia, office complex.

• Marion Packaging of Bristol and its Irish subsidiary, Superior Packaging, are to invest £2.4m in a new factory next to its existing premises in Finglas, Dublin. The expansion is being undertaken with the help of the Industrial Development Authority of Ireland.

## Hong Kong 4 times a week.

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**British Caledonian Airways**

## Nippon T and T may buy IBM technology

By RICHARD C. HANSON IN TOKYO

IBM is negotiating to sell a large amount of peripheral computer equipment to Nippon Telegraph and Telephone (NTT), the Japanese domestic telephone monopoly. NTT has been under severe pressure from the U.S. to open its equipment procurement procedures to foreign bidding.

NTT is making plans to purchase IBM's "5280" data entry units, machines to be used for automatically recording and billing telephone calls. The initial order is expected to be for 40 units, according to NTT. IBM have decided comment on the contract talks.

The Japanese press, mean-

while, reported that NTT and IBM were discussing a broader agreement to exchange technology on computer links to telecommunication systems over the next five years. This could not be confirmed.

The discussions between the two companies appear unrelated to the present dispute with the U.S. over NTT's procurement practices. NTT effectively bans foreign companies from bidding for equipment orders.

The U.S. and Japanese govern-

ments are attempting to resolve the issue by the start of the next year. Otherwise, the U.S. would be compelled under a 1978

agreement to shut out Japanese companies from bidding for U.S. Government procurement contracts.

NTT buys almost exclusively

from a group of Japanese tele-

communications companies,

claiming this is necessary to

maintain their own quality

standards.

NTT says, however, that in the case of the data entry units, IBM manufactures the best equipment available for its needs. Although there are no estimates of the value of such a purchase, it would appear—if completed—to be about the most significant NTT contract to

date for a U.S. company. Last year NTT bought, for testing purposes, about 150 units of small telephone pocket beepers from Motorola.

Reuter adds: The Kawasaki Steel Corporation said yesterday it had signed a contract to give Thyssen AG of West Germany technology related to a Japanese-developed computerised system to operate and control blast furnaces.

Kawasaki did not disclose the contract value.

The technology will help Thyssen reduce operation costs and increase efficiency, it said.

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## UK NEWS

## Seaspeed steps up Channel ferry war

BY WILLIAM HALL

SEASPEED, British Rail's hovercraft operation, is cutting the prices of some of its winter services by nearly two-thirds in a major move in the cross-channel ferry price war.

It has abolished car tariffs during its winter period, which starts on October 26 and runs until the end of March. During the Christmas holiday period it will impose a £5 single fare for cars.

In practice this means that a businessman travelling with his car between Dover and Calais/Boulogne by Seaspeed will pay a single fare of £12 as against £31 in the original winter schedule. Seaspeed has also scrapped its short excursion fares and introduced special fares for holidays of up to 18 days. In addition, it has increased the length of cars qualifying for cheap fares from 4.0m to 5.5m.

Seaspeed and Hoverlloyd, the other channel hovercraft operator, have both been suffering from the fierce price war started by the conventional ferry operators, and both are believed to be losing substantial sums.

Although hovercraft are roughly three times as fast as the ferries, passengers have not been prepared to pay a sizeable premium for speed. Last year Seaspeed and Hoverlloyd carried 2.5m passengers and more than 40,000 cars.

Seaspeed's price cuts will exacerbate the financial problems of some operators. Dunkerque Ramsgate Ferries and Seajet, the hydrofoil service, have already closed and more casualties are expected.

## Pensioners to have £1 Awayday

By Lisa Wood

BRITISH RAIL is to accelerate the cut-price war for passengers with the introduction of a pensioners' £1 day return ticket to anywhere in the country.

"We are seeking to fill our seats in every possible way," said BR yesterday.

The Awayday to Anywhere ticket subject to confirmation this week will be sold for an experimental period from Monday, November 3 to Thursday, November 27 inclusive. The 1,250,000 holders of Senior Citizen Railcards will be able to use the special tickets from Monday to Thursday on off-peak hour trains.

BR is trying to compete with the new, cut-price private coach services now being offered on major inter-city routes following the new Transport Act.

A further incentive in the battle to attract more passengers is fares will rise 19 per cent from November 30.

Recently BR was allowed by the Government to borrow another £40m to stay within Government cash limits and offset its expected losses of £68m this year.

The problems BR face in trying to improve services, with often obsolete equipment, have been described in detail by BR to a Monopolies Commission investigation into commuter services in the South-east.

In evidence made available to the public yesterday BR says poor standards of reliability, punctuality and cleanliness on many suburban services have created hostility and damaged its ability to exploit on-peak opportunities.

## Securities Council appointment

By John Moore

PROFESSOR Sir Arthur Armitage is to join the Council for the Securities Industry, which oversees the self-regulation of the securities business. He will take the place of Lord Thomson of Monifieth as a lay member.

Lord Thomson, one of the council's three lay members, resigned this year because of his commitments as deputy chairman of the Independent Broadcasting Authority.

Professor Armitage, appointed at the invitation of the Governor of the Bank of England, is supervising an independent inquiry, commissioned by the Government, on heavy lorries and their impact on the environment. His academic positions have included the Vice-Chancellorship of Victoria University of Manchester.

• In the City yesterday Smith Bros, one of the two five-bottlemen, said in its report and accounts it is seeking the Stock Exchange Council's permission to "appoint a suitably qualified outside businessman as a non-executive director."

The group wants to overcome the Stock Exchange's ruling that member directors should assume unlimited liability.

David Marsh looks at plans for the new London financial market

## Just no future for the gambler

THE financial requirements of the proposed London futures market will be "tough enough to exclude the gambler," says Mr. John Barkshire, chairman of money brokers Mercantile House and head of a City working party which yesterday unveiled its plans for the new financial market.

Mr. Barkshire and his working party colleagues, drawn from a range of City institutions, are keen to underline that the proposed innovation will serve a genuine need.

The idea is that a financial futures market in London will allow business and investors to hedge their bets on unpredictable money and investment markets—and will not simply serve as a vehicle for speculators to make—and lose—large amounts of money.

Financial futures come in two forms, interest rates and foreign currencies. Trading is already well established in the US. The Chicago and New York markets have thrived in recent years, reflecting both speculative interest and the increased desire of corporate treasurers, institutions and other big investors to cover their risks on volatile foreign exchange and credit markets.

Under plans outlined yesterday for the City, a London futures market would allow participants to deal in forward contracts for sterling and dollar interest rates and in five major currencies—the dollar, against sterling, the Deutsche Mark, the yen and the Swiss franc.

Market users might range from building societies to insurance brokers, from local authority treasurers to multinational corporations, the working party suggests.

A financial futures contract is an agreement to buy or sell a standard quantity of a set type of financial instrument or currency at a pre-determined date in the future.

### Interest rates

When the futures contract matures, the participant normally fulfils his obligations by selling or purchasing an equal and opposite contract to offset the original one. He can, of course, actually deliver the instrument or currency against a sales contract or take delivery against a purchase contract.

For instance, a pension fund manager who believes interest rates will fall but who will receive funds only later to invest can make a "long hedge." He can buy a forward interest rate contract, calculating that as interest rates fall his price will rise above that which he agreed to pay. He can then sell the contract for a profit when it matures, gaining funds he would otherwise have had to forgo through lack of necessary cash for the outright investment.

Similarly, a corporate treasurer who fears that interest rates will rise but who does not yet need to raise funds to make a short hedge. He can sell a futures interest

contract and hope to buy a matching one more cheaply when it matures. Thus, he would make a profit which would compensate for the higher interest rate on the loan he then decides to raise.

If all goes well, the London market could get under way by the end of 1981 or early 1982, Mr. Barkshire says. But, a number of hurdles have still to be cleared.

The working party still has to obtain basic approval for a go-ahead from the Bank of England. This, in part, explains the emphasis that the planners put on professional and institutional participants.

Like the backers, the Bank recognises that a certain speculative element is needed in futures markets simply to oil the wheels of activity. But, it does not want to sanction a market where speculators and the risk of large scale losses start to loom too large.

Bank officials have taken part in preliminary technical discussions on financial futures, and have been "very helpful," according to Mr. Barkshire. However, the authorities have not yet committed themselves either way on the setting up of the exchange until detailed proposals are presented at the end of the year.

The Bank would be involved closely in supervising the market, along the lines of its present supervision of existing commodity futures markets.

The basic questions, of whether the market would ful-

fil a genuine need, and whether it might increase the short-term volatility of the spot market in debt instruments and foreign currencies, have not been decided.

Interest rate contracts to be traded on the proposed exchange comprise a short-term sterling interest rate based on sterling certificates of deposit, and Eurodollar interest rates based on Eurodollar certificates of deposit. The working party would also like dealings in a long sterling interest rate contract based on government securities.

### Selling

But Mr. Barkshire admits this would be immensely complicated. The Bank would have to be satisfied that forward trading in gilts would not bring any loss of control to the basic operation of selling Government debt.

The idea of trading in Treasury bills—as is done in the US—has already been dropped. This is because the limited supplies of bills and their nature as a primary tool of monetary policy would cause considerable distortions.

Mr. Barkshire reckons there would be worldwide interest in the Eurodollar contract and that forward gilts trading could attract Middle East demand. He suggested that foreign involvement in forward gilts contracts could dampen the volatility of the government bond market.

## Import value of electrical appliances shows decline

BY JASON CRISP

THE VALUE of imports of electrical domestic appliances into a weak UK market fell by a third in July, according to the latest figures published by the Association of Manufacturers of Domestic Electrical Appliances.

Although the total value of the domestic appliance market dropped 13 per cent below what it was in the same month last year, UK manufacturers gained ground with sales up by 4.2 per cent in value. But measured by the number of units, deliveries from UK companies were 12 per cent lower while imports rose by 14 per cent.

This means that a fall in sales of small appliances at the retail level takes longer to appear in figures of deliveries by manufacturers and imports.

Imports of white goods have fallen sharply across the whole range. Imported refrigerators fell by 32 per cent, automatic washing machines by 52 per cent, and tumble dryers by 77 per cent. In most products deliveries by UK manufacturers were also lower, but to a much lesser extent and deliveries of automatic washing machines.

The UK manufacturers have gained ground in white goods (including washing machines and refrigerators) where imports are down. But importers are continuing to production by the Italian manufacturers.

facturers, particularly Indesit, which ceased production this summer after running into financial difficulties.

But almost all UK manufacturers have been faring badly because of the recession in Britain and figures for the seven months to July show imports are higher. Most manufacturers have announced redundancies and short-time working.

However, earlier this month Hotpoint announced that its Peterborough factory was to resume a 40-hour week and Creda has also gone back to a five-day week at Stoke on Trent.

One of the biggest problems for UK manufacturers is imports of small domestic appliances from Eastern European countries, particularly East Germany.

The association last month lodged a complaint with the European Commission on behalf of UK manufacturers and other EEC manufacturers that vacuum cleaners were being dumped from Eastern Europe.

## Appointments begin reshuffle at top for British Shipbuilders

BY WILLIAM HALL, SHIPPING CORRESPONDENT

MR. JOHN PARKER, British Shipbuilders Board member for shipbuilding, has been appointed deputy chief executive in the first of several big changes in the management to be unveiled by Mr. Robert Atkinson, the new chairman.

Mr. Maurice Phelps has been brought in from Leyland Vehicles as director of personnel and industrial relations. He replaces Mr. Ian Farningham, who had to retire after a heart attack this year.

Mr. Atkinson will reveal his plans for the corporation at a seminar for senior management in Newcastle on October 7. He will outline a new divisional structure, involving a major reshuffle of responsibilities.

Mr. Parker, 38, has been widely tipped in the industry as the next chief executive, since the departure of Mr. Michael Casey this year. However, Mr. Atkinson is com-

ing in to take the role of chairman and chief executive for the time being, and does not seem to have ruled out the possibility of appointing another deputy chief executive.

The appointment of Mr. Phelps, 45, to the senior industrial relations post will fill the vacuum in this area of the organisation. Mr. Richard Whalley, the board member for personnel, has been assigned to special duties and is expected to leave when his contract expires next March.

After Mr. Farningham, Mr. Whalley's deputy, retired, much of the workload fell to Mr. Ken Griffin, the deputy chairman. Industrial unrest has been spreading in the naval shipyards and British Shipbuilders will soon have to start its next session of wage negotiations.

Mr. Phelps joins British Shipbuilders from the heavy vehicles division of Leyland Vehicles.

## Courtaulds closure cuts 665 more jobs

### Many manual work bonuses 'unjustified'

BY MAURICE SAMUELSON

LOCAL AUTHORITIES are expected to pay out £300m in bonus incentive schemes to manual workers this year, but many of these payments were not justified, it was claimed yesterday.

The charge was made by the advisory committee on local government audit, set up last year to consider the annual report of the Chief Inspector of Audit.

The committee, describing some incentive schemes as "inappropriate" or "technically unsound," says many were introduced not to raise productivity but simply as devices to raise employees' earnings.

There are 4,500 schemes in operation and in the year ending November, 1980, incentive bonus payments to manual workers are expected to cost £191m.

Building workers, craftsmen and electricians will be paid a further £100m.

The advisory committee, under the chairmanship of Mr. Brian Maynard, a former president of the Institute of Chartered Accountants of England and Wales, is concerned that criticisms levelled against bonus schemes as long ago as 1967 are still relevant.

In his last annual report, published last November, Mr. Peter Kinnane, the Chief Inspector of Audit, said councils often failed to check that work claimed for bonus by dustmen and other workers had been done and that overclaiming of payments was common. Refuse teams often received basic pay for the full working week even though they completed their weekly stint in 25 to 30 hours.

Courtaulds is the sole UK manufacturer of acetate and its total capacity of 38,000 tonnes makes it one of the world's leading producers.

Acetate has been under strong pressure for a number of reasons, including the strength of the pound, high interest rates, and the continued penetration of the UK markets by imports of finished textile goods. American producers with the advantage of low-cost energy have also become more competitive.

Acetate has also been losing market share to other fibres, principally polyester filament which is available very cheaply. As a result world demand for acetate has fallen sharply this year, however, and Courtaulds said yesterday that sufficient capacity existed at the company's acetate plants at Spondon, Coventry, and Wrexham, and at another site in Lancaster, to meet future market needs.

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A total of 150 people will lose their jobs when production of woven fabric is phased out at a mill at Birbridge in Northern Ireland. Some 600 jobs are also being lost as a result of a reorganisation of Courtaulds' filament weaving operations in Lancashire and Essex. East Lancashire announced the closure of seven mills in Lancashire at a cost of £100m.

Birmingham Assay Office. Thirty more redundancies were announced because of the depressed state of the jewellers' trade. Earlier this year 45 redundancies were declared and caused a ten-week strike.

Mr. Hilary Eccles Williams, chairman, said: "Part-time working will continue for the present but it is hoped that the ironed out although as a general rule the further north the sweater the drink."

## Government spending criticised

BY ARNOLD KRANSORFF

THE new leader of Britain's managers yesterday criticised the Government's lack of control over public spending.

Government borrowing had to be pulled back and the growth of bureaucracy curtailed, said Mr. Trevor Holdsworth, who will become chairman of the British Institute of Management (BIM) next week.

Mr. Holdsworth, who is also chairman of GKN, the country's largest engineering company, added that the private sector "was taking the brunt of the Government's economic policies."

Mr. Holdsworth acknowledged that the chance of a lorry being involved in a fatal accident has halved over the past 10 years, but he nevertheless urged the Government not to even make the wearing of seat belts compulsory.

The SAV (Safety Articulated Vehicle) project has had financial backing from the Industry and Transport Departments and has been co-ordinated by the research association.

The SAV—based on Leyland Vehicles' new 16.28 tonnes T45 model—is to be displayed at an international experimental

safety vehicle exhibition in Wolfsburg, West Germany, next month. The aim is to demonstrate the UK components industry's competence in safety engineering and, it is hoped, to win orders from vehicle manufacturing countries expected to be represented.

The vehicle's safety features include front, rear and side under-run guards; anti-skid braking systems; fireproof fuel tanks and anti-spray guards.

Mr. Fowler acknowledged that the chance of a lorry being involved in a fatal accident has halved over the past 10 years, but he nevertheless urged the Government not to even make the wearing of seat belts compulsory.

Dr. Cedric Ashley, director of the research association, believes the prospect of new laws on the safety of lorries must be remote while the Government has not even made the wearing of seat belts compulsory.

Mr. Holdsworth, who is also chairman of GKN, the country's largest engineering company, added that the private sector "was taking the brunt of the Government's economic policies."

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## Sportsmen protest at extra VAT

BY MAURICE SAMUELSON

BRITAIN'S sports clubs, already hit harder by VAT than those in Europe according to a survey published yesterday, are to have more of their activities brought into the taxation net.

From January 1, 1981 all sports clubs will have to pay 15 per cent VAT on all entries to events and competitions.

The Government's action is being strongly opposed by the Central Council for Physical Recreation which has said that the action will "price sporting opportunities out of the reach of the ordinary people of the country."

# Monopolistic British Gas 'crucifying' its suppliers

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE MONOPOLISTIC British Gas Corporation is "crucifying" some of its North Sea suppliers by "forcing them to sell gas at absurd prices," Lord Kearton, former chairman of the British National Oil Corporation (BNOC) said yesterday.

Lord Kearton said after the European Petrochemical Association conference in Monte Carlo the price of gas to industry was higher in the UK than in the rest of Europe.

Other European countries had started raising their gas prices for industrial consumers, he said, but the gap between UK and Continental industrial gas prices was "still there." It was "very damaging" for UK manufacturers and particularly for chemicals producers.

"Some unlucky companies operating in the Southern Basin of the North Sea are now locked into contracts with British Gas," Lord Kearton said. "The Corporation is using its monopolistic position to force them to sell their gas at absurd prices."

"When I was at BNOC, I managed to get the price we charged the Corporation up to 3.2p a therm. Yet British Gas was charging its customers an average of about 17p a therm. A commercial company would never crucify its suppliers in this way. But British Gas is a monopoly and a monopolistic concern does this sort of thing."

Companies that wanted to land North Sea gas and sell it to industry at reasonable prices have been stopped from doing so. This was absolutely nonsensical.

Lord Kearton attacked the Government for using Imperial Chemical Industries' cheap long-term contract with British Gas to "distort" average prices. The Government was incorporating ICI's low price to pull down the average price for industry as a whole, so that it "seems not too bad."

## Difficulties

Lord Kearton also called on European chemical companies to set up a pricing cartel. He attacked them for cutting their prices in an attempt to maintain volume sales, saying this amounted to a "death wish." What was needed was a "managed market" — but one managed by chemical companies, not by governments or by the European Commission.

Lord Kearton acknowledged there might be regulatory difficulties in setting up a cartel, but companies were "very clever at finding ways round regulations."

Competition was "marvellous" when markets were expanding, but at present companies needed sufficient profits to pay for reinvestment.

Lord Kearton warned that European chemical industry

could find the 1980s "very, very dismal indeed." Even if things went well, chemical producers could only expect to operate at their present level of prosperity. There was "no chance" of improvement.

Despite Lord Kearton's gloomy forecast, conference delegates from most of the big European chemical companies, including those based in the UK, were cheerful about the industry's short-term prospects yesterday.

They pointed out that the spot price of naphtha, the oil-based raw material vital for making petrochemicals, had been rising steadily since fighting began between Iraq and Iran. It is estimated to have increased by \$4 a tonne each day, and now stands at about \$290 a tonne. Many chemicals manufacturers believe they will be able to raise their own depressed product prices on the back of the raw material price increases.

Most of the biggest ones have instructed sales staff not to commit themselves on product prices beyond the very short term. A few companies are taking a cautious line and stress that the war may only have a brief impact on prices.

But delegates from several concerns could be seen — literally — rubbing their hands together last night. "I think," said one, "we may be about to make a lot of money."

# Teams to speed up North Sea gas

By Ray Daftor, Energy Editor

TWO PROJECT teams have been formed to speed up the development of the £1.1bn North Sea gas gathering pipeline system, already well behind schedule. The organising group of companies has bought 400 acres of land in Scotland for the proposed gas reception terminal.

The Government and North Sea oil companies have become concerned about delays which have arisen because of uncertainties over financing arrangements.

It was originally intended that the 400-mile pipeline should be operational at the end of 1984 or early 1985. Industry estimates suggest it could be late 1989 or 1990 before the first gas, collected from a dozen fields, is brought ashore.

British Gas Corporation, a member of the organising group, said yesterday that it hoped that financing and tariff arrangements could be settled within the next few months so that a pipeline company could be formed by the end of the year.

The group, headed by Gas Corporation chairman Sir Denis Cooke, comprises representatives of Mobil, British Petroleum and British Gas. Sir Jasper Hollom is financial adviser, and Morgan Grenfell and Co. has been appointed as merchant bank advisers.

British Petroleum is to take the lead in the project team set up to undertake offshore work while British Gas engineers will develop the onshore facilities. Mobil will assist each team.

As a start the group has bought — for an undisclosed sum — 400 acres of land at St. Fergus, near Peterhead. This site will be developed as the reception terminal for the gas gathering network — one of the most ambitious projects undertaken by the offshore oil and gas industry.

The Government has said it wants the pipeline company to be financed largely by private sector money. Mr. Hamish Gray, Minister of State for Energy, said in June that British Gas might have a 30 per cent stake in the company; other North Sea producers could have a total stake of about 25 per cent; and financial institutions might be offered a 30 per cent interest.

## Lloyd's man on fraud charge

By Raymond Hughes, Law Courts Correspondent

LLOYD'S underwriter and broker Mr. Christopher Moran, accused of conspiring to defraud Lloyd's underwriters, was yesterday remanded on bail until October 22.

Mr. Moran, former managing director of the Christopher Moran group, is charged with Mr. Derek Walker, a director of Goods, Walker, who was similarly remanded by magistrates at Mansion House.

The court refused an application by Mr. Moran to have his bail conditions varied to enable him to report to the police once a month instead of once a week.

Both men are on bail of £100,000.

Colonel Ronald Laurence Gardner-Thorpe is London's Lord Mayor elect. He takes office in November. He will be the first Roman Catholic in the post since the Reformation.



An underwriting member of Lloyd's he has twice stood for Parliament as a Liberal Parliamentary candidate, at Eastbourne in 1959 and West Derbyshire in 1960. Colonel Gardner-Thorpe has a long record of public service including being vice-president of the British Red Cross.

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## Bid to avert Grain-style lagers' row in Wales

By Robin Reeves,  
Welsh Correspondent

AN ATTEMPT to meet the management of the Texaco cracker construction project in Pembroke Dock, West Wales, will be made today by General and Municipal Workers' Union officials.

The move is an attempt to avert another Isle of Grain-style lagers' dispute. It follows a mass picket of the site yesterday by GMWU members from South Wales and Merseyside.

They were protesting at the site employers' refusal to take on GMWU craftsmen trained for thermal insulation work.

Mr. Glyn Probert, GMWU district officer, accused officials of other unions of conniving with the management to bring an Isle of Grain situation into Wales by using "green labour" for lagging work.

"There seems to be a concerted action to squeeze the GMWU out of thermal insulation work in the construction industry," he said.

The GMWU is not party to the site agreement signed by six unions when the project started. But it insists the lagging work now required is reserved for its thermal insulation craftsmen under a 1973 TUC agreement.

Mr. Harry Harris, GMWU regional officer, says the management agreed earlier this year, at the prompting of the six site unions, to establish instead a four-week training course in lagging for existing site labour.

Up to 30 men, members of the heating and domestic union, have so far been trained in this way.

He also claimed his members seeking employment on the site were being told they must join one of the site unions, before being taken on.

Mr. Probert said he had been invited onto the Texaco site this morning by the project's joint shop stewards' committee which was aiming to arrange a meeting for him with the management to solve the dispute.

He said if the site management was unwilling to meet the GMWU, the shop stewards had hinted strongly that work on the project would be halted.

First choice candidate for presidency backs down

## Blow for NUM moderates

BY CHRISTIAN TYLER, LABOUR EDITOR

THE UNDECLARED race for the presidency of the National Union of Mineworkers has taken a new turn which has discomfited the moderates who was chief adviser to Mr. Gormley on industrial relations for 10 years.

Barring a last-minute change-of-heart, Mr. Chadburn's decision is likely to be made public next week, after the monthly meeting in London of the union's national executive.

The Left, which is quietly confident of Mr. Scargill's chances—and Mr. Gormley himself appears not to disagree—will see this latest turn of events as further evidence of the confusion in the Right-wing camp. This contrasts sharply

with their own organised campaign, which has already begun.

But Mr. Bell is generally regarded by the Left as a harder man to beat than Mr. Chadburn, because of his wide contacts in the coalfields. The fact that he, like Mr. Scargill, is a Yorkshireman is also seen as an advantage in capturing votes in Yorkshire.

It seems likely that Mr. Chadburn will run for the general secretaryship, in succession to Mr. Lawrence Daly, who is due to retire in several years' time.

None of the protagonists would comment yesterday on the premature leak of the decision, except Mr. Scargill, who said: "I am not concerned about who will oppose me. My main concern is that the progressive areas have already agreed to back my candidacy, and I will fight on the basis of my record against any candidate."

Mr. Scargill will be counting on almost total support from Yorkshire, Scotland, South Wales, Derbyshire and Kent to give him about 50 per cent of the 240,000 votes.

He will also be hoping for support in Durham, parts of Nottinghamshire, and majority support from the cokemen (a separate national constituency) to clinch the ballot vote, when it is held in about 18 months.

## Clyde oil rig yard set for closure

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A LAST attempt to save the Ayrshire Marine construction yard at Hunterston, on the Clyde, appeared to have failed.

The Scottish development Department, which leases the Hunterston site to Ayrshire Marine Constructors, said it was considering a request from the company to breach the sea wall, a necessary preliminary to floating out sections of the structure.

The management had told unions that it might be willing to reopen the yard provided there were guarantees of better industrial relations.

It also wanted some of the delay in building the platform made up by moving about one-third of the work from the yard and allowing in subcontractors. Shop stewards also believed that some workers, accused by the management of being troublemakers, would not be re-employed.

Philips Petroleum, operator on the Maureen field, declined to comment. Under the original schedule, the platform was due for completion next spring with the field coming on stream in 1982. It now looks highly unlikely that first oil will be produced before 1983.

## Dockers table claim for big pay rises

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF Britain's 24,000 dockers, whose employers have been among the first to feel the effects of the recession in trade, have tabled a claim for "substantial" pay rises—expected to be well into double figures—along with demands for a range of other improved benefits.

Negotiations involving the Transport and General Workers' Union will start in earnest later this month when employers are expected to take a firm line against any increase that will compound the financial problems hitting cargo handling companies.

The recent dispute over redundancies in Liverpool, which led to the threat of a national dock strike, has already warned that they cannot afford to continue financing an ever increasing number.

This month's wage negotiations with port employers represent the first stage of a two-tier bargaining structure in which a national settlement is followed by local wage bargaining in the various ports.

The bulk of local settlements covering, for instance, London, Southampton, Bristol and Hull, come in January.

## BL merger urged by transport union

BY PHILIP BASSETT, LABOUR STAFF

BL should merge with another international car company to give it a manufacturing capacity of 2m cars, says its largest union, the Transport and General Workers, in a report on the company's future.

Mr. Scargill will be counting on almost total support from Yorkshire, Scotland, South Wales, Derbyshire and Kent to give him about 50 per cent of the 240,000 votes.

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support in Durham, parts of

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to clinch the ballot vote, when

it is held in about 18 months.

The report, due to be

launched at the

Labour Party conference later

this week by the TGWU and

TASS, the white-collar section

of the engineering workers'

union, calls for a further

25,000 jobs to be made available

to the company by the

Government.

The union's proposals, described as a "survival plan" for the company, were drawn up as an alternative to the strategy proposed by Sir Michael Edwards, BL chairman, which involves the loss of 25,000 jobs.

The mainstay of the union's

proposals, laid out in the

TGWU journal, is for a

partner with another world

auto firm, though no specific

company is mentioned.

The TGWU says the proposed

partnership should aim for a

2m car output.

As part of this proposal,

BL's present strategy of reducing its workforce should be halted. The TGWU, which has always opposed the loss of jobs, says BL's existing capacity will be necessary to deal with an upturn in the market in 1981-82.

The Government should

hand over a further £550m

funds to the company. The

alternative to closure would

be the TGWU says, cost around

£10.2bn, would take five years

and create massive unemployment problems.

No part of the company

should be sold on to the

private sector.

The union calls for immediate

talks between the Government

and its unions on expansion of the company

towards its new partnership.

As part of this, the tri-

partite National Economic

Development Council, should

set up a special Motor

Industry Economic Develop-

ment Committee and the TUC

should establish a new industry committee to cover

motor manufacture.

The TGWU makes a further

call for import controls to be

applied now. The union sees

these as essential to BL's

survival.

The union gives its full

support to the new Mini

Metro and Leyland Vehicles'

Roadtrain, but says the

present Metro output targets

are too low.

The report, "BL—The Next

Decade," was drawn up by

the unions following a meet-

ing of senior TGWU BL shop

stewards to consider the

Eurofinance report on the

company, commissioned by

the TGWU, which warned that

"short-term shocks" to

BL Cars over the next three

years could trigger the

collapse of the business.

MP calls for Press inquiry

By JOHN LLOYD, LABOUR CORRESPONDENT

A TORY MP, Mr. TEDDY TAYLOR, has joined the ranks of those anxious to learn the future of the two London evening newspapers, the Evening News and the Evening Standard.

Mr. Taylor, the MP for Southend East, has written to Sir Keith Joseph, Industry Secretary, to ask him to begin inquiries into reports that Associated Newspapers, which owns the News, and the Express Group, which owns the Standard, were discussing a merger of the two papers.

Mr. Taylor said he supported the Government's policy of non-interference in the affairs of industry, but said that the possible closure of one of the papers "would be bad for the whole community in the South of England."

Last week, Mr. STANLEY DAVIS, shadow trade minister, asked for a meeting with Associated Newspapers and the Express Group on the reported merger. He was unable to arrange a meeting with either group.

The National Union of Journalists (Chapel office branch) at the Evening News yesterday asked the paper's management for a statement on the present state of negotiations between the two groups.

A meeting of the 500 journalists employed by London weekly papers will today be asked to endorse their officials' rejection of the latest offer by the Newspaper Society, which represents the papers' owners.

The journalists are entering the third week of a strike which has closed some papers and forced others to print little more than advertisements.

Last week, the Newspaper Society offered £1 extra on an offer of £8.50 a week for London weighting allowances, against a claim of £20 a week.

## APPOINTMENTS

## Representative for Lucas in France

Mr. Melville Guest, former first secretary (commercial) at the British Embassy in Paris, has joined LUCAS INDUSTRIES as head of the Lucas co-ordination and liaison activities in France. On November 17 he will take over his new post of president directeur général de la Société Française des Industries Lucas. He will be based at the Paris office and will have overall responsibility for co-ordination of the group's interests in France and for maintaining contact at senior level with French Government and industry. Mr. Guest will also join the Boards of Lucas France SA, Freins Girling SA, CAV-RotoDiesel SA, Risit SA and Thomson-Lucas SA and will be a member of the Lucas Valen (formerly Ferodo) partnership committee set up to co-ordinate the two companies' joint ownership of the French electrical company Duceiller.

Mr. R. A. Hope, deputy chairman of GOLD FIELDS OF SOUTH AFRICA, has requested early retirement as from January 1 and pending his retirement will be going on leave, as, from October 1, Mr. Hope has resigned as a director.

On October 3, Mr. R. T. Byford retires as director of the BRITISH RUBBER MANUFACTURERS' ASSOCIATION and the TYRE MANUFACTURERS' CONFERENCE. He will be succeeded as director of the BRIMA and the TMC by Mr. G. C. Sulkin.

Mr. Ron D. Hughes has been appointed marketing director of MOBIL OIL COMPANY, the UK refining and marketing affiliate of Mobil Oil Corporation.

Mr. L. C. Johnson has been appointed chief executive of HARGREAVES INDUSTRIAL SERVICES from October 1 to succeed Mr. G. D. Stevenson who is taking over other duties within the Hargreaves Group.

MORGAN GUARANTY TRUST COMPANY of New York has elected chairman of BARCLAYS GROUP to succeed Mr. Noel McCann who retires on October 31. Mr. McCann will remain a director of Barclays Bank Trust Company. Mr. Acland, who has been a director of Barclays Bank Trust Company since October 1978, joined the Board of Barclays Unicorn Group in December 1979. He is also chairman of Electric and General Investment Company and a director of Blue Circle Industries and English and New York Trust Company.

Mr. B. G. Ball-Greene, chairman of UNICORN INDUSTRIES has been appointed to the Board of FOSECO MINSEP.

Mr. Alan Chilton, Mr. Bryan Hope and Mr. Richard Walker have been appointed directors of INTERNATIONAL PUBLISHING CORPORATION from October 1. Mr. Chilton is chief executive of IPC Magazines. Mr. Hope is chairman of Journal Publishing, in IPC Business Press and Mr. Walker is chief

of the company's sales and marketing department.

STATE STREET BOSTON CORPORATION is not opening a branch in London, as reported yesterday, but is expanding its representative office in London.

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## UK NEWS-LABOUR PARTY CONFERENCE



CONFERENCE FACES: Mr. Denis Healey (left), Mr. Michael Foot, Mr. Anthony Wedgwood Benn and Mr. David Basnett.

## Conflict continues on incomes policy

LABOUR'S CONFERENCE yesterday followed the TUC's example and passed two conflicting resolutions on incomes policy. Delegates accepted the National Executive Committee's advice on rejecting two more extreme Left-wing demands and taken together, the two that did get through do not take the party's policy much further.

They leave the leadership free to continue discussions with the TUC over economic planning without running the risk of being seen to go directly against the wishes of the conference.

With the enthusiastic support of Mr. Anthony Wedgwood Benn, speaking on behalf of the NEC, conference voted by a large majority in the Labour Government's favour of a resolution blaming incomes policy for the 1979 election defeat, and noting with "great concern" the call by leading members of the Parliamentary Party for the formulation of an incomes policy to be implemented by a future Labour Government.

The resolution, similar to that passed by conference in 1978, rejected any form of incomes policy except in the context of a Socialist planned economy in which prices and profits would be planned as well as pay.

On its own, the resolution would have made it difficult for the leadership to continue their discussions with the TUC on a possible agreement.

But the conference then went on to approve by a much smaller majority a motion, proposed by the Union of Communication Workers, rejecting the concept of an incomes and prices "free for all" inherent in the nature of free collective bargaining.

The motion, which was similar to one of the two passed by the TUC at its conference, urged the NEC to lodge a debate on alternatives to free collective bargaining. The motion was just about acceptable to the NEC because it also referred to the needs to plan for the distribution of wealth and the control of prices.

## Knott denies 'mistake' in voting

AN ENGINEERING union delegate emphatically denied yesterday that he made a "mistake" when he voted to back Left-wing candidates for Labour's ruling National Executive.

Mr. Douglas Knott, 64, said he was a free agent and voted according to his conscience.

Mr. Terry Duffy, engineering president, and Sir John Boyd, general secretary, had both claimed Mr. Knott had promised to back Right-wingers and that his vote for the Left had been a mistake.

Mr. Knott's decision at Sunday night's delegate meeting resulted in a one-vote majority for supporters of the Left 18-17, and it committed the 920,000 votes of the moderate AUEW to the Left-wing candidates for Labour's NEC.

Mr. Knott said: "I decided the way I was going to vote long before I came to this conference... I voted according to my conscience."

When asked: "Were you expected to vote for the Right-wing and did you instead vote for the Left-wing?" he replied: "I was not expected to do anything."

Later, Sir John Boyd said that conscience had nothing to do with the issue. I was a question of policy. He said it would be wrong to say that Mr. Knott had voted the wrong way. He voted according to his own wishes but against the way he had promised to vote.

## Abolition of the Lords a must, says Benn

ABOLITION OF the House of Lords—through the creation of 1,000 peers to play a Trojan Horse role—must be the first priority of the next Labour Government. Mr. Anthony Wedgwood Benn declared at Blackpool yesterday.

Speaking on behalf of the Left-wing-dominated National Executive, he argued that the immediate removal of the delaying powers of the Lords is the essential prerequisite to the establishment of State control of the economy in Britain on a scale unparalleled outside the Iron Curtain countries.

He envisaged that in the wake of the abolition of the Lords, the next Labour Government would "within a matter of days" push a wide-ranging Industry Bill on to the statute book.

This would give the Government power to extend public ownership, control capital movements and provide for industrial democracy.

Then, "within a matter of weeks," a second Bill would be enacted designed to return to the House of Commons the powers transferred to the EEC Commission at the time of Britain's accession to the Treaty of Rome in 1973.

To the cheers of delegates, Mr. Benn looked to the collapse of the present Government's monetarist policies to open the way for this massive injection of State socialism long before 1984—the year in which the life

of the present Parliament must end.

He gloried in the opportunity to display himself as a mirror image of Mrs. Margaret Thatcher—a left-handed version of a conviction politician unafraid of proclaiming deeply held beliefs and ready to put them to the test.

Mr. Benn maintained that the next Labour Government could not be expected to pursue any other course.

If Mrs. Thatcher and her Cabinet composed of people who believed in monetarism could not make it produce results better than those now apparent for all to see, how could a Labour Government coming to power again be asked to adopt such policies?

Mr. Benn foresaw Labour coming into a grim inheritance from the failure of Thatcherism—"a broken-backed economy."

He warned that a Labour Government determined to embark on the policies he had outlined would come under tremendous pressures during its first few days of office.

These would come from the IMF, the EEC and the City of London.

Mr. Benn maintained that because of this it was essential for Labour to begin preparing for office now, with the political and trade union wings of the movement working together to produce a strategy which would prevent the next Labour Government being blown off its feet.

He explained that after the House of Lords had been abolished, the Peership itself would be abolished too.

Mr. Benn's one concession to the Party moderates was to acknowledge that incomes policy could have a role in Socialist planning.

But he emphasised: "It is not

possible to have a wage restricting policy, while the profits of trade and investment and prices in every other part of the economy, are allowed to move free."

Mr. Benn recalled that the commitment to abolish the House of Lords—excluded from Labour's last manifesto by Mr.

so far succeeding in this—that this Government's economic and industrial policies are ideologically, impractical and unnecessarily damaging."

While the cheers of the Left-wing punctuated the greater part of his speech, Mr. Benn ran into some protests when he

task of clearing up a bigger Tory "mess" than ever before.

Mr. Basnett contended that in these circumstances it would be use hankering for a 1960s-type industrial policy of incentives and tax concessions, or a 1970s-style industrial strategy.

These concepts, he said,

would be as irrelevant as the demands for the nationalisation of the top 200 companies.

Mr. Basnett told advocates of "completely free collective bargaining" that they were guilty of ignoring the fact that the State itself employed directly and indirectly a substantial proportion of trade union members.

For these workers, or most of them, there was always an "incomes policy"—a policy which split over into the private sector.

At the same time, Mr. Basnett agreed that it was no use hankering after institutionalised incomes policies—whether voluntary or compulsory. By and large, he said, these had been a "catastrophic failure."

But it had to be recognised, said Mr. Basnett, that the rate of wage increases was an important economic variable.

"We need a policy for determining public sector pay. A policy for developing collective bargaining. And a policy for the eradication of low pay."

Mr. Basnett highlighted the need for an understanding between an incoming Labour Government and the trade union movement on how incomes

would grow, prices be restrained and profits regulated.

"But that understanding must be, and can only be, in the context of a much wider agreement, and involvement in all aspects of economic and industrial planning."

Mr. Moss Evans, leader of the TGWU, accused Mrs. Thatcher and her Cabinet of following an economic strategy founded on the need to drive up unemployment.

"They still believe that throttling the public sector, cutting jobs, services and orders, will ease the pressures on public borrowing."

"Yet every one hundred thousand extra unemployed costs around about half a billion pounds in extra borrowing to cover losses in tax and contributions, and increases in benefits."

Mr. Evans maintained that unemployment must again be made the top political priority and called for support for workers who resist factory and plant closures.

"We have got to develop the consciousness that these redundancies must be resisted wherever possible," he said. He looked to negotiators to secure reductions in working hours—including overtime—and the introduction over as wide an area as possible of the 35 hour week.

These were the tactics which would make sure that jobs were not just given away at the first hint of new technology.

## Private education 'has to go'

## Defeat on nuclear programme

AN ATTEMPT to curb Britain's nuclear power station programme was defeated in the first card vote of the conference by 4.5m votes to 2.3m.

The resolution, from Edinburgh Central and Harrow East Labour Parties, called for the phasing out of Britain's dependence on nuclear power. It demanded the development of an alternative energy strategy based on conservation, coal and natural sources such as wind and tide power.

It condemned the present Government's decision to embark on a major nuclear programme and declared "nuclear power is unsafe, uneconomic and is a threat to trade union rights and civil liberties."

Mr. Arthur Scargill, the Yorkshire miners' leader, called on the conference to support the resolution "in the name of humanity."

"We have a thousand years of coal beneath our feet and an abundance of coal reserves, there is no need for nuclear energy development."

Strongly opposing the resolution, Mr. Gavin Laird, a delegate from North Fylde, set the tone with an impassioned speech from the floor.

"We won't get a truly comprehensive education system until the daughters of generals—and members of parliament—attend the local community school," said Mr. Graham Lane, secretary of the socialist education association. The private education system, privately run but publicly financed to the tune of £750m, was divisive, exploitative and had to go. "As Mrs. Thatcher told the EEC, we want our money back," he told a delighted audience.

The Conservative Government, according to Mr. Neil Kinnock, the Labour education spokesman, was a pack of crocodiles. With more than 700,000 under-24-year-olds now unemployed, the Government claimed to care about youth unemployment. "What they really care about is the sight of youth unemployment," he declared. "They just want to get them off the streets. Let them join Jim Prior's voluntary conscripts. Same old Tories—crocodile tears, crocodile teeth. As they weep, they cut."

It would take more than £1bn to restore the education budget to pre-Tory levels, which were themselves too low to satisfy

Even with the inflow of funds from North Sea oil, there would still be a long queue jostling for Government money—pensioners, hospitals, the coal and steel industry and many others.

"I'd be the last to push any one out of the line," he concluded, "but education must get a very early place in the queue."

## Healey aims to lose 'divisive' tag

MR. DENIS HEALEY made a calculated bid yesterday to kill the idea that he would make a divisive leader of the Labour Party, and so destroy the main argument of the "stop Healey campaign."

In a speech from the floor, the former Chancellor was deliberately placatory and restrained himself from making the kind of inflammatory remarks about the Left which had been made by the Peership itself.

He explained that after the House of Lords had been abolished, the Peership itself would be abolished too.

Mr. Healey's only reference to the Peership was to his "stop Healey campaign," which is being actively pursued in Blackpool, suddenly gathers momentum.

But though Mr. Foot would want to see Mr. Healey blocked if at all possible, he still seems reluctant to stand himself. Instead, his preference would be for giving his support to Mr. Peter Shore, the shadow Foreign Secretary. But even if Mr. Shore gets the valuable support of Mr. Foot, it will be difficult for him to beat Healey unless the "stop Healey campaign" is being actively pursued in Blackpool.

The main argument that those opposed to Mr. Healey are putting around is that his ballyhooing tactics will split the party in two. For this reason, it was important that he did not repeat yesterday the aggressive tone he adopted at his last appearance at a Labour conference.

The only hope of those who feel he would make a disastrous leader is that they can persuade Mr. Michael Foot, the deputy leader and lifetime Left-winger, to stand as a peace-making candidate.

But though Mr. Foot would want to see Mr. Healey blocked if at all possible, he still seems reluctant to stand himself. Instead, his preference would be for giving his support to Mr. Peter Shore, the shadow Foreign Secretary. But even if Mr. Shore gets the valuable support of Mr. Foot, it will be difficult for him to beat Healey unless the "stop Healey campaign" is being actively pursued in Blackpool.

He concluded with a rallying cry which sounded as if it was meant to have people clapping in enthusiastic support, but which only got fairly muted applause. Labour, he warned, would give the Tories a field day if it fought amongst itself.

ence earlier this year. In the event, he reserved all his anger for the Conservative Government.

The British people, he said, must mobilise against the "most brutal, destructive and divisive Government in our history."

The duty of the conference "above all others," was to unite "in a great crusade" against the Government.

In less than 18 months, he claimed, Mrs. Thatcher had turned back the clock 50 years. By this time next year unemployment would have reached 3m, he predicted. Thatcherism was a "plague spreading like wildfire" and Mrs. Thatcher was even "dragging the red rate of unemployment through the Midlands."

What was needed, he said, was a complete reversal of the present economic course with a major investment in jobs and Britain's industry and infrastructure.

Mr. Healey's only reference to his views on incomes policy—which have done so much to antagonise the Left and some unions—was to say that if Labour was going to have a managed economy, it must cover prices and incomes as well as everything else.

He concluded with a rallying cry which sounded as if it was meant to have people clapping in enthusiastic support, but which only got fairly muted applause. Labour, he warned, would give the Tories a field day if it fought amongst itself.

But by far the most active

contender this week is Mr. Anthony Wedgwood Benn, who is not only speaking from the platform but also appearing at a dozen fringe meetings. As the rules are at the moment, however, he stands no chance of being elected leader.

Healey, Moss Evans of the Transport Workers and Terry Duffy of the Engineers.

True, the old spirit of malice, briefly flared once or twice. There was some hearty hissing as Mr. Duffy, a leading moderate, came to the rostrum. This treatment, usually reserved for Frank Chapple of the Electricals, was presumably an echo from the recent brawling within the TUC.

Geoff Dixon, a delegate from Sidesup, could not resist putting the boot into Mr. Healey. It was no good, he snarled, for the former Chancellor to weep crocodile tears over the present economic light, when it was he who had led the attack on the working class by the IMF in 1976.

Such unruly behaviour was, however, untypical. Unity was the theme of the day. Mr. Alan Taffin, deputy general secretary of the Union of Com-

munications Workers, called for the conference to adopt a policy for the next general election "so that the electorate knows where we stand in advance."

In fact, almost as anodyne as those inflicted on the delegates at Tory Party conferences, lurking in the background was the one issue on which the Party and the unions are deeply divided. Namely, whether or not the next Labour Government should adopt a firm incomes policy and lay down a wages norm. This crucial subject was scarcely touched on in the debate and, at the end of the day, delegates ended up sitting firmly astride the fence.

They approved a motion rejecting an incomes policy and criticising the leaders of the Party for calling for one in recent speeches. But then, with blithe inconsistency, they adopted a second resolution calling for a continuing debate on the alternative to free collective bargaining and rejecting the concept of "an incomes free for all."

Most of the motions were,

## Calls for unity dampen the spirit of malice

BY JOHN HUNT

In other words, they completely fudged the issue and gave the Party leadership an opportunity to continue to search for some form of incomes policy.

Such trivial matters were, however, brushed aside by delegates as they bathed in the impassioned appeals for unity from platform.

"Let us rally our friends and confound our enemies," cried Mr. Foot in Cromwellian vein.

"We must unite in a great crusade to mobilise the British people against the most brutally destructive and divisive Government in our history," bawled Mr. Healey.

Anyway, who worries about peripheral matters such as incomes policy and the economy when you can cheer Mr. Benn to the rafters for making yet another demand for the abolition of the House of Lords?

# Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

## CASH REGISTERS

### More information at the point of sale

WHEN THE world's half-dozen or so major cash register manufacturers had to make the move from electromechanical to electronic techniques some 10 years ago, one or two ran into difficulties.

Not only were the manufacturing costs for mechanical systems rising steeply, the price of acquiring the necessary electronics know-how and the time involved in doing so were crucial. At the same time the Japanese were beginning to make inroads into the UK and European markets.

One company that went through this trauma was Anker Data Systems (ADS) of Bielefeld, West Germany, which overstretched itself in 1976 and was rescued by the private fortune of soft drinks millionaire Kurt Vorlop.

It has been fighting its way back with some success in today's all-electronic marketplace, although until recently the UK subsidiary had been selling Omron units from Japan pending the development of suitable in-house systems.

ADS has now dropped the Omron connection — although it lost some of its key people to that company in the process — and is now offering its own products. Ironically, however, although the machines are designed and programmed in

Germany the hardware internals are made in Japan under special manufacturing contracts.

Anker, up against such names as NCR, Sweda and Huglin as well as the Japanese importers has it claims re-established itself as market leader in Germany in electronic cash registers where it puts its market share at 25 per cent.

The company is now beginning to make a bigger impact in the UK particularly with its specialised systems for specific retailing areas including betting shops, fashion stores and restaurants.

The exciting point about this ADS is tackling a market which in the UK alone is thought to be worth about £75m this year, of which the company hopes to win £4m.

With a Europe-wide sales network and 110 people in the UK employed in the service force, Anker believes it can get much closer to the customer than the companies in the Far East. For example, where a market for a specialised machine with a manufacturing run of more than 1,000 units exists, Anker believes it can do business where many importers would have difficulties.

More from 19, Worples Road, Wimbledon, S.W.19 (01-947 1378).

GEOFFREY CHARLISH

#### Redemption Notice

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#### BOND NUMBERS

7 1289 2467	6102	2082	10030	11005	11840	12888	14071	15988	20289	21211	22465	22515	24891	26485	27037	27525	28122	28681	29222	29732	30653
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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# When going public is not its own reward

BY NICHOLAS LESLIE

BRIAN ALLISON was not despondent when in 1970 he failed to convince the head of an Australian company to buy some market research carried out by his company, Business Intelligence Services. He merely told the Australian that he thought he was making a mistake, and that the time would come when he would change his mind.

It took a while. But two years ago, after Allison had again urged the Australian that he really would be better off with the BIS product, and that all his competitors were BIS customers, he returned to the UK to find a telex: "OK, you win. I'm in."

Determination and perseverance are two characteristics of which Allison is not short. They have enabled him to build up a business from nothing over the last 16 years—"When I look back on it, they were fiercesomely difficult, those early years. They were terrible, and my wife will confirm that." He now has a diversified service organisation that is achieving sales in excess of £7m, and in 1979 earned £760,000 of pre-tax profits.

BIS began life selling market research on the paper industry to a number of clients rather than just one—"a new concept" claims Allison. Since 1964 it has expanded into many areas of industrial and consumer marketing research, as well as into computers and data processing (providing software and training), business publishing and the provision of in-house training courses for companies. One of its key activities is MIDAS (Modular International Data and Accounting System), a computerised data-based facility that is used by over 120 banks and other institutions worldwide.

Allison's original concept included the reasoning that senior management all too frequently avoided making decisions simply because they did not have the necessary data and information to do so. He reasoned that if he provided it they would be perfectly prepared to pay for it.

In the process of creating BIS, Allison has demonstrated his belief in the free market system. He has encouraged his own executives by giving them considerable responsibility and a share in profits. Yet he has resolutely avoided seeking a public quotation for his company's shares.

He is also not so sure that a Conservative Government can hope to encourage a business revival with an administration that he believes does not understand business. He illustrates this view with another little anecdote about being buttonholed by a senior civil servant at a cocktail party who said to him: "Tell me, Mr. Allison, what is this business risk you chaps keep on about?" When Allison replied that, for a start,

Brian Allison: "Many of my friends rue the day they went public" Hugh Routledge

he had to find over £300,000 "in greens, in the bank, by next Friday, to pay our people around the world," the civil servant responded: "Oh, that's very interesting. Of course, we get paid by the central computer."

Allison's antipathy towards going public stems partly from a conviction that the rewards are not worth the constraints. Public companies get "immense" pressures from the City to account for themselves, he says.

"I have got many friends whose companies have gone public and frankly they rue the day they did. They may have a very large house, but they don't sleep easy."

There are generally three reasons for going public, he suggests. One is that the key shareholders wish to realise some of their capital; another is that they want to raise funds to expand the company further; and the third is for defensive reasons, in that their ultimate objective is to be taken over by a larger company once they have a quotation.

## Typical

"None of these appeals to me," he says, though his reasons for saying so are not necessarily typical of a founder/shareholder whose company would clearly have a market value of several million pounds if it went public. Allison is not BIS's major shareholder—that position is held by a wealthy Dutchman who backed the company in its early days and who, controlling nearly one-third of the equity, has a "very long-term capital gain" as his objective, says Allison.

So Allison's own shareholding and those of his fellow directors, is of a size that "even

if we sold we wouldn't be financially independent. So we would be crazy to sell."

Allison is keen to preserve his independence. "We like being masters of our own destiny. I and some of my colleagues came from large companies where we were frustrated."

BIS has no cash pressures, says Allison. "We don't need any money. We have an over-draft facility we don't use and film of cash to invest. You can do an awful lot with that amount of money in management services which is people-based." The company's net assets total £2.5m, made up almost entirely of cash and debtors. It has very few fixed assets, "which we have not worried about, although we have been concerned that other people who look at us have been worried."

He plans to respond to such fears by seeking a compromise between profitable operations and a strong fixed assets base.

This will be achieved by seeking to acquire next Spring 65 per cent of the shares in Christian Brann, a direct mail marketing company, in which BIS already has a 35 per cent stake. Brann owns land and buildings and has its own printing works. Additionally, BIS is considering the purchase of its London headquarters near Waterloo Station. But, says Allison, these deals can be financed from existing cash resources and cash flow.

The Brann link is typical of the way BIS likes to approach a "marriage" with another company. It takes a minority stake and then has options to increase the holding, depending on how the relationship develops. In this way it has built up a 76 per cent holding in Philip Shrapnel,

ticular ideals which are at odds with each other in terms of his views on going public.

On the one hand, as a private company he can continue to motivate his employees in the manner he believes is best. He feels he owes his first allegiance to employees and so is not faced with the dilemma of also being responsible to a large body of outside shareholders.

As a believer in the concept of small company units, he likes to break down the BIS business into profit centres with around 50 employees in each, giving considerable responsibility to the directors and senior executives of each, in return for which they share 20 per cent of the pre-tax profits earned by their particular profit centre.

As an example of this philosophy, he points to BIS Applied Systems, which is separated into three profit centres — training, consulting and product development. "The chaps there have a say in the people they appoint, the targets they go for and the profits they make. That motivates human beings far more than anything else I know."

On the other hand, though, Allison does not believe in leaving wealth to his children. So he feels that if he is to be in a position to avoid leaving them anything but a "nest egg" he will eventually come under pressure to realise his capital. That being so, he sees only three options. One is to get a Rule 163 (2) listing on the Stock Market, thus avoiding the pressures and costs associated with a full quotation. Another is to wait until the company is much larger and the directors' shareholdings are big enough for them to be financially "fire-proof" and seek a buyer big enough to guarantee the continued "culture and stability" of BIS.

Finally, and preferably for Allison, BIS could try to attract institutional shareholders. This would mean selling shares to pension funds and similar organisations—a move which Allison feels "we will probably do in the medium term, that is to say around five years."

## THE MANAGERIAL profession

is, as we all know, a sedentary way of life. Chairbound as the gnu usually is the nearest he or she ever gets to physical over-exertion is writers' cramp.

If the piles of newspapers and magazines that usually accumulate in his in-tray are anything to go by, one of the main features of his lifestyle is reading. This, presumably, keeps him in touch with day-to-day events in his industry and enables him to make better management decisions.

But how much of his time is taken up in paging through the forests of paper? Almost one day a week, it seems assuming, like the rest of us, he works at least 38 hours a week.

This is somewhat more than the time spent by the last management generation, says the Cranfield School of Management of more than 400 members of the British Institute of Management—whose members employ about a third of the UK's total workforce.

The survey, which covered use of BIM's library and information services over a period of month, indicates that managers spent a mean average of 7.8 hours a week digesting the written word. Surprisingly, most of that time—more than three hours—was devoted to journals, while newspapers and

books took up almost two hours each.

The range of total reading, including that done in trains, aircraft, at home and elsewhere, was from one hour per week to a demanding 60 hours per week.

Forty six per cent of managers said they spent more than six hours a week reading. Another surprise was that 9 per cent claimed not to read a newspaper at all.

Respondents were also asked to rate the titles from which they gained most benefit in connection with their work. Top of the list were the *Financial Times* and *Management Today*, although Cranfield points out that *Management Today* is freely distributed to all BIM members. *The Times*, *Economist*, *Sunday Times* and *Daily Telegraph* were the next most popular organs, although their usefulness was reported to be markedly less.

Assessing the credibility of the survey, Cranfield points out that respondents were asked to restrict their answers to reading in support of their managerial activities. Presumably, therefore, recreational reading was excluded from these answers "although it is recognised that one cannot always make hard and fast distinctions between the two."

Cranfield also points out that respondents were not restricted

## Managers' reading habits

to activities at the workplace—"we wished to identify all managerial and work-related reading."

"An obvious weakness here is that questionnaire and interview responses are not very reliable indicators of time spent. Nevertheless the replies certainly appear to indicate, at the very least, that reading is perceived by BIM members as a more time-consuming activity than earlier studies have indicated."

The researchers observe that in the case of at least a couple of the interviews, questions about reading habits proved to be somewhat threatening to the interviewee.

"There was on the one hand the manager who was clearly reluctant to admit that he read at all, because if he admitted this he would also be admitting to being less dynamic and less overworked than his colleagues. Conversely, there was the personnel officer who did admit to reading very little but felt very guilty about it and this guilt may have influenced her responses."

\* *Do Managers Read?* by John Blagden, published by BIM/Cranfield Institute of Technology Press. Price £2 or £3 non-members from Cotswold Press, Oxford, UK.

Arnold Kransdorff

## Bankers' guide

THE Inter-Bank Research Organisation deserves congratulations for producing the first really useful guide to EEC background papers, regulations, directives, recommendations, and judicial decisions, classified according to subjects likely to interest bankers and other financial institutions.

Some subjects are specific, such as banking, capital markets, monetary systems, and free movement of capital.

But other chapters dealing with more general subjects will also be useful to other seekers from the EEC flood and—most usefully—records the legislative stages already passed by the numerous proposals afoot. It is introduced with a concise description of the EEC legislative process.

EEC Checklist, edited by Jane Welch, British Bankers' Association, 10 Lombard Street, London, EC3V 9EL. £20 (members £10) including fee for updating.

A. H. Hermann

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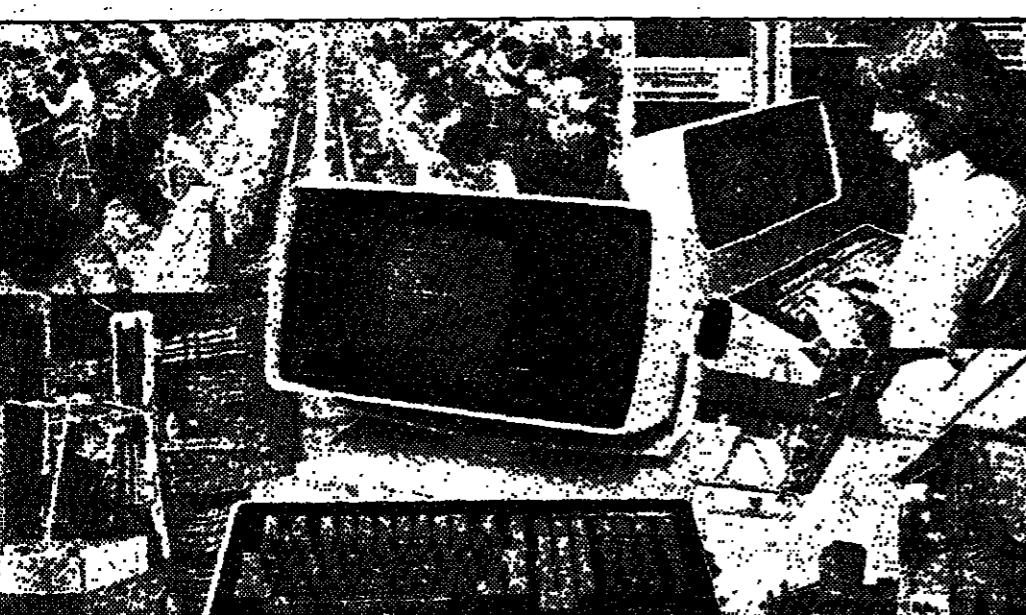
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F.T.30/9

# Economics off the rails

BY ANTHONY HARRIS

THE GOVERNMENT'S decision to allow British Rail an extra £40m on its cash limits to offset the loss of freight revenue from the slump is not going to put the whole economy right. It is worth a warm welcome, all the same: it could mark the dawn of sanity in a previous approach that was rigid to the point of madness.

There are, in fact, two sorts of craziness involved here—the approach to publicly-owned industries in general, and the approach to public transport in particular. The sanity which has appeared is only of the first kind.

The Government may well have wandered unawares into the morass of public sector pricing, because it set out on what looked like a firm, straight path—getting rid of public sector subsidies. This is not even a partisan question: Mr. Healey started it, and every general economist agrees that such subsidies are a Bad Thing. They misallocate resources, encourage inefficiency—I am sure you know the whole recital.

## Cash limits

Unfortunately, though, subsidies, like the money supply, are easier to talk about in a general way than they are to define, and however they are defined, cash limits on borrowing have proved to be a decidedly blunt hatchet for cutting them out. It is hard to know, for example, when you have stopped cutting out subsidies and started insisting that a monopoly must blackmail its customers into subscribing the whole capital for expansion through the prices they pay. No privately-run business could get away with this, but the telephone industry was forced to, and its chairman rightly resigned on that account. Sir William Barlow seems to be a better economist than his masters.

With recession, however, the policy wallowed straight into lunacy. When the electricity industry had to raise prices again because of weak demand—a step which would be suicidal in any competitive industry—lunacy was manifest.

The British Rail decision then marks Government repen-

tance on this particular error; but I am afraid this is hardly like to persuade Sir Peter Parker to invite everyone to Marylebone for champagne; for the difficulty of earning a pre-ordained profit in a bad year is the least of his problems. Railways, and public transport in general, need subsidies in good years as well as bad, as virtually every other advanced country in the world realises, simply as part of sensible transport management.

The problem is very simple. According to the motoring organisations, it costs about 20p a mile to run a car; compared with that rail fares will still be good value even in November (and are in fact good value for companies paying business mileage). But for the ordinary motorist this is nonsense. It costs a great deal to own a car, but only 5p to 6p a mile to run it—the cost of petrol and oil. Even buses are dear by comparison.

There are only two ways to level up this disparity. One is to ensure that far more of the cost of motoring falls on the use rather than the ownership of cars. One might raise the petrol tax far enough to pay not only the road tax (as Labour has proposed, but the Tories, in bi-partisan rivalry, rejected), but to pay also for third-party insurance, hire purchase and maintenance too. Simple, perhaps, but silly.

## Rational

The second approach, adopted everywhere but in the UK, is to tax petrol enough to hurt and use this or other revenue to subsidise public transport—theoretically to the point where the user only has to pay the cost of running the buses and trains, not providing them. This makes for rational use of transport resources.

Finally, public transport subsidies have a merit which ought to appeal strongly to the present Government. They show a profit. Every £100m spent in subsidies will save existing users substantially more than that sum because the fare cuts will attract extra and highly profitable marginal traffic. It is time to forget the slogans and work on some proper analysis.

# Identifying the needs of the audience

THERE IS an aphorism attributed to Harvard Business School which has become almost a stock-in-trade of mine when discussing the merits of sponsored films. In analysing the techniques of marketing and selling it says that "selling focuses on the needs of the seller, marketing on the needs of the buyer."

This maxim is especially appropriate to sponsored films because, if ever any shortcoming damages the medium it is the failure to give priority to the needs of an audience. I have sat through hundreds of tedious, boring, pedantic films where the marketing manager or PRO has thrust his own ideas relentlessly down my communication channels without caring a toss about whether I will like them or not.

## Favourite

To demonstrate the importance of subject relevance and the supremacy of content over form (even very indifferent form) I have on more than one occasion speculated on the film subjects that readers of this column would care most about. My top favourite has always been "How to Double Your Profits". Who could resist a film title like that?

Now someone has actually

done it in a video programme entitled *How to Double Your Profit Within the Year*. Unlike the book bought by a newly-married friend—*How to Satisfy Your Husband after the Honey-moon*, which turned out to be cookery recipes—this video programme really does set out to give some answers on profits.

It is in no sense a conventional film or video programme but rather a straight videotape recording of a seminar conducted by John Fenton. Quite a lump too, comprising a 60-minute videotape cassette—(and copies of a 100-page "action plan" book). It would be wrong to criticise the style of this programme because it has no style at all; it is as functional as the results from any camera set on a static tripod.

At its preview (thoughtlessly screened with four other films) there was only time for a short extract so I cannot know if I would have stayed the full 60 minute course with Mr. Fenton. Yet I have to confess that, despite my early cynicism, as Mr. Fenton sat going I began to find myself applying some of his ideas to my own business. Maybe, I thought, he's got a point—maybe it would be possible. Perhaps if I were to...

The programme is available from a new distributor, CST Training Services of Bushey Studios, Melbourne Road, Bushey, Herts, and although I warn that it is a tedious pro-

gramme I remain convinced that the temptation of doubling company profits may be too much for discriminating readers to resist.

The strategy is a sound one: identifying the needs of the audience. In the case of a management film made solely for sale or hire, the constraints are few. The problems arise when a sponsor has a message that he wishes to package in a palatable form—such as "buy our oil and petrol".

In fact, the oil companies have

always been rather good at find-

—motorists, market gardeners and householders—and all three audiences will end up more sympathetic and committed to Shell in consequence. In the Shell tradition, they are all competent films; but I can offer no higher praise than that.

It almost doesn't matter, I

know, because the motorists,

greenhouse owners and house-

holders will all gobble up the

messages regardless of the style

and the lack of cinematic dash.

This is not to say that no film

would benefit from more

creative sparkle. However

## FILM AND VIDEO

BY JOHN CHITTOCK

ing subjects of real interest to relevant the content is to be the public which at the same time relate to the sponsor's need, as with the latest three from Shell UK—*Shell Guide to Good Mileage*, *Under Glass*, and *Wrapping Up*.

Sometimes sponsors try very hard to do just that, and in the trying the content and the creativity get hopelessly confused. This is a tendency in a new film made by the Costain film unit, *Taming the Thames*. The task is to show the large and complex Thames barrier construction project which Costain—with Tarmac and HBM

—have undertaken for the Greater London Council. The

first, equally professional and well-presented, deals with a

subject that some professional people may find disturbingly relevant to their own jobs: the project in which a group of children carry out classroom exercise about the barrier.

Regrettably, one never comes to terms with the children because of the need to follow the construction project; while the latter sometimes relies on inadequate classroom models to explain the principles of the flood barrier. Yet the press kit reveals a photograph of a superb model that would have done the job so much better.

After seeing the film I still fail to understand exactly how the barrier works, but more important I cannot understand for whom exactly if for engineers and potential clients, it falls short on really solid engineering information, and if for people like me who live near the Thames (albeit only part of the time and well above flood level), it fails to justify its relevance in human and social terms.

It is left to two American imports to my recent film viewing something of a lift. Both are being distributed in the UK, again by CST Training Services. The first tackles the somewhat overworked subject of *Dealing with People*, but is ably interpreted by personable actors and actresses so that at least one is charmed into following the story.

The second, equally professional

and well-presented, deals with a

subject that some professional people may find disturbingly relevant to their own jobs: the project in which a group of children carry out classroom exercise about the barrier.

The film tells the story of an executive who, withstands pressure over a business lunch to award a contract to his host's company. Of course, knowing the subject of the film, we all then await the overseas holiday bribe. But more poignantly, it turns out that the contender for the contract has personal contacts at a private clinic—where the executive had tried to jump a long waiting list for his wife's admission for special treatment.

## Legal twist

The moral downfall of the executive inexorably follows, with a nasty legal twist at the end when—coincidentally—all employees are required to sign a document testifying that they have never accepted, or ever will accept, personal favours that might influence their business decisions.

The film succeeds not only through its professionalism, but intelligent scripting which reflects the predictable paths and leaves the audience to think about it themselves. The final thought might well be "there but for the grace of God go I". Which is, perhaps, as relevant as any film could hope to be.

## Piggott steps up his title bid

I CANNOT remember Lester Piggott—or any other jockey for that matter—having a mount for a different trainer in each event on a six-race card. But that is the case with the nine-times champion this afternoon at Goodwood, as he tries to claw his way back into contention with Carson in what

respective mounts appeal more as place rather than win prospects.

One event I fully expect to see him winning, however, is the 14-mile Cocked Hat Handicap. Here Piggott teams up with Philip Mitchell's lightly weighted Morality Stone, in preference to taking the ride on the Scobie Breasley-trained Butsoky.

A late developing and hand-

some son of the Ascot Gold Cup winner, Ragsstone, the three-year-old Morality Stone was

clearly well thought of as early as last autumn, for his Epsom

handicap chose a £3,000 event at Newbury won by Super Asset for the bay's sole juvenile

Stakes.

Although never seen with a

chance in that event, Morality Stone has since justified his

trainer's expectations, and

last time out added to some

worthwhile earnings by besting

in the Pheasantry Maiden

Stakes.

Piggott's mount, Franciscus,

with plenty in hand over a

mile and three furlongs at

Kempton.

The additional furlong here,

on slightly easier ground, will

suit him admirably and he is

given a reasonably confident

vote.

Now that Luca Cumani's

string is back in form at last,

backers are probably best

advised to stick with Night and

Day in the Pheasantry Maiden

Stakes.

GOODWOOD

2.30—Bright Landing

3.00—Junta

3.00—Night And Day\*\*

3.30—Morality Stone\*\*

4.00—Heron's Hollow

4.30—Funny Spring

NOTTINGHAM

3.00—Fortified

3.30—Hill's Realm

4.00—North Buchanan\*

4.30—Bezique

ATV

10.30pm The Jordans. 1.20 HTV

11.30pm Lovers. 1.20 M4

12.30am The Professionals. 1.20

1.00am The Professionals. 1.20

2.00am The Professionals. 1.20

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11.00am The Professionals. 1.20</p



Tuesday September 30 1980

## The IMF ducks the issues

THE most important substantive issue seemingly to have emerged in the opening stages of the annual meeting of the International Monetary Fund in Washington is whether or not the Palestine Liberation Organisation should be admitted as an observer. On this, it appears, depends the prospect that the Fund will be able to borrow directly from the main OPEC surplus countries, notably Saudi Arabia, and so enlarge its role as a financial intermediary. The Fund, in short, is devoting its attention to an irrelevance tied to the tail of a makeshift.

The Fund itself is not to be blamed for this sad state of affairs. It can move no faster than its 140 member states, and the present state of the debate reflects their preoccupations, which are largely domestic and inward-looking. In the developed world these policies are apparently producing some potentially encouraging results: the OECD, in a remarkably sanguine survey of a depressed world economy, has forecast that the adjustment to the latest increase in world oil prices will be less inflationary in the short run, and less damaging to growth in the long run, than the crisis of 1974-75.

### Deficits

However, this forecast does contain one feature which is encouraging: only from a narrowly self-interested point of view it seems that it is now expected that the current account deficits of the developed countries will be lower than expected, and on a falling trend, while the deficits of the developing countries, which are by far the least credit-worthy, will grow to some \$50bn in 1981.

This can only happen, of course, if someone is prepared to finance those deficits. In this connection the modest expansion of EEC quota lending facilities—in line with the assistance already granted to Turkey—will probably prove much less important than the indications that the Fund will in future interpret the conditions of lending in a much more liberal sense. Debtors should not find it too difficult to obtain a loan carrying an IMF Seal of Approval which will act as a passport to further commercial funds.

This suggests that in effect

the Fund is adopting precisely the role which the Group of Ten, in a pious statement of anti-inflationary virtue, has rejected in advance. It will be the organiser, though by proxy, of a potentially highly inflationary (or alternatively highly risky) solution to balance of payments adjustment problems.

This is a sad evasion of the real issues. The fund remains the appropriate forum in which the problems of imbalance can be discussed on a global scale, and it is not difficult to draw up an agenda of genuinely important questions which could be considered. These might well start with the source of global imbalance—dependence on OPEC oil—and how far special facilities could be developed to encourage economy and substitution.

### Constructive

However, investment directed to alleviating the long-term problem would certainly not produce quick solutions, and is hardly likely to be developed on a scale to offset the expected OPEC surpluses. Two further issues therefore appear on the potential agenda: the definition of the balance of payments, and the means of settlement.

Traditionally, Fund adjustment policies have been aimed at rectifying what was known as the "basic" balance of payments—the sum of the current account and flows of long-term private capital. Since the oil shock, there has been a much heavier preoccupation with the current account alone; yet legislative and other steps to attract private capital might provide a much more constructive approach to adjustment. Here the World Bank rather than the Fund would be the appropriate ground-breaker.

Finally, the agenda might include the question of who can least disruptively incur deficits, and how they should be settled. This would add two items which seem deliberately to be excluded at present: aid for the poorest countries, as the French Minister, M. Monory, has already said and possibly the mobilisation of gold to unseat Sig. Cossiga. Even by the extravagant standards of the Rome Parliament, its circumstances were breathtaking to the outside observer. At 12.50 pm, the Chamber of Deputies in an open roll-call vote expressed its confidence in the coalition of Socialists, Republicans and Christian Democrats, by 329 to 264.

At 1.15 pm, came the result of the substantive vote on the economic package, the centrepiece of the Cossiga administration's programme. In the secret electronic vote, around 30 MPs, almost certainly dissident Christian Democrat and Socialist left-wingers, changed their minds and voted against the Government. Sig. Cossiga was defeated by 298 to 297—



Sig. Enrico Berlinguer (left), Communist Party leader; hour of triumph; Sig. Francesco Cossiga, outgoing Prime Minister; political assassination; Sig. Bettino Craxi: biggest loser; President Sandro Pertini: embarrassing haste; Sig. Carlo Ciampi (right), governor of the Bank of Italy: at the economic tiller.

## The politicians fail Italy again

**RUPERT CORNWELL** in Rome charts the downfall of Sig. Cossiga's Government and assesses what this will mean to Italy's hopes for a coherent economic strategy.

ITALY, once again, is in a mess. The casualty list of the country's 40th post-war government crisis is impressive: the six month administration of Sig. Francesco Cossiga; its entire economic strategy and most immediate of all, the struggling lira, over which the spectre of devaluation has been hovering for several weeks. This new crisis, and especially the cold-blooded way in which it was detonated, has wrought great damage to that delicate political and social equilibrium on which any Italian government must rely in order to operate.

The first consequences have been swift in coming. As always in moments of economic emergency, the tiller has passed to the Bank of Italy and monetary policy—the sole area of macro-economic management which does not fall foul of the politicians. Bank rate has been put up to an unprecedented 16.5 per cent, the highest level of any European country. Savage restrictions have been introduced to prevent importers and exporters speculating by the "leads and lags" mechanism against the currency. A severe credit squeeze, at precisely the moment when the economy was showing unmistakable signs of cooling down of its own accord, is as sure as night follows day.

For their part the politicians have lately been offering a vintage spectacle. The crisis was preceded by the traditional climax to the division of the spoils between Italy's ruling parties: the nakedly political carve-up of the top jobs at RAI, the already bloodied and supposedly state-run radio and television organisation.

Then, as the complaints from the excluded Communist Party were still echoing over this "obscene act in a public place," came Saturday's dramatic vote to unseat Sig. Cossiga. Even by the extravagant standards of the Rome Parliament, its circumstances were breathtaking to the outside observer. At 12.50 pm, the Chamber of Deputies in an open roll-call vote expressed its confidence in the coalition of Socialists, Republicans and Christian Democrats, by 329 to 264.

But this time, of course, the damage is greater than usual. Quite apart from its repercussions on the economy and the lira, the crisis has been provoked at a moment when two nations which between them supply a quarter of Italy's oil are at each other's throats in the Gulf. As a result of Sig. Cossiga's downfall, President Pertini was forced to cancel in embarrassing haste a visit to King Hussein of Jordan which might well have proved of

importance for the country's interests in the Middle East.

The one consolation is that the parliamentary debacle has delayed Fiat, the truck and car manufacturer, to postpone plans for 14,500 redundancies, and thus has lessened the biggest danger of all: that a "hot autumn" on the labour front might take place at a moment of political and economic paralysis. But even that is not quite certain.

The union leadership in Rome has called a truce and put off a four-hour general strike set for Thursday. But yesterday strikes and shopfloor protest were still rife in Fiat's home city of Turin—this time over the company's alternative plans to put 24,000 men on State subsidised lay-off, as a temporary measure until wider agreement is reached.

In this confusing and depressed landscape, one fact shines out, illuminated by the events of the past months. Simply, it is that no Italian Government can govern for long if the Communist Party (PCI) is set square against it. The crisis is the culmination of a process which began with last February's congress of the long-ruling Christian Democrats.

Like all Italian political crises, it reflects as much relations within parties, as relations between them.

For in that congress emerged a new leadership less sympathetic to the Communists than its predecessors, and explicitly against the long-standing PCI demand for participation in Government. The drop in Communist support at the 1979 general election seemed to play

into its hands. At the same time Sig. Bettino Craxi, the staunchly anti-PCI secretary of the Socialist Party, consolidated his own position. The two parties which thus must, in one way or another, co-operate if any likely government is to have a numerical majority, is to be a numerical majority in Parliament were led by factions unconcerned about reaching an accommodation with the PCI of

the type between 1976-79, when the Communists actually returned to the Government majority after 31 years absence.

Instead Christian Democrats, Socialists and Republicans formed a coalition which could stand in its own right. For the first time in six years the Socialists rejoined a Cabinet. Sig. Craxi's aim was to cement his party's role in the centre of Italian politics, drive the Christian Democrats and Communists towards the extremes, and reap the dividends. The ultimate prize was to have been a Socialist as Prime Minister.

Unsurprisingly, for the Communists such a scenario would have been a disaster. It carried the risk that they might lose much of their undisputed sway over the Left, and, that their importance as unchallenged representatives of working class interests could be reduced if the union leaders could be tempted into working with the new government. Hence their unrelenting opposition to the second government of Sig. Cossiga.

The PCI attacked on every available front: the Cossiga-Donat Cattin affair where the Prime Minister was alleged to have tipped off a party colleague that his son was a wanted terrorist, the economic package which founded this weekend, the Bologna station bombing (held to be an example of the Government's sinister failure to do anything about Right-wing terrorism) and most lately the Fiat affair.

Indeed the sweetest moment, perhaps, of all in the present hour of triumph of Sig. Enrico Berlinguer, the Communist leader, came the day after a pretty bloodcurdling speech in Turin's Piazza San Carlo in which he warned that the Communists would back any take-over of plants decided by Fiat's workers. After the Government had fallen, the company took the chance of giving way gracefully.

The whole thrust of the package, however, was to shift resources from internal consumption into industry, investment and exports. A credit squeeze, which during the 1970s has been virtually the only weapon used by

the Fiat, is being sought in the car plants of Turin; but it is not one that can or should be left to management and unions alone, becoming more urgent than ever that Italy tackle the fundamental ills of its economic structure if its hard won and deserved position as a major industrial power is to be preserved. The Italiens are familiar with an excessive public sector borrowing requirement, an inefficient public administration, low productivity and over-ridged industrial relations, as well as the inflationary system of wage indexation, the so-called *Scorciato Mobile*, doggedly defended by the unions.

That battle now is being fought in the car plants of Turin; but it is not one that can or should be left to management and unions alone,

### No change without a consensus

especially at a company as heavy with symbolism as Fiat. Nothing can be changed without a consensus at the centre, and it is one that must necessarily endure: the Communist Party as well. The last Government came unbroken because that consensus did not exist, the next one will have to achieve one.

It is possible that no compromise will be reached, and that yet another round of general elections (probably again settling nothing) would be held.

President Pertini could send Sig. Cossiga back to the chamber, backed by Saturday's unavailing vote of confidence.

A new administration might include the Social Democrats and/or Liberals, or might take the form of a *Motociclo* Christian Democrat Cabinet. But there are drawbacks to these, and every other permutation.

All that is sure is that this time the Communists are not seeking to enter Government directly. International circumstances in any case would effectively rule it out. Having successfully flexed their muscles and brought down Sig. Cossiga, they have let it be known that his successor has every chance of the more benign opposition, if the terms are right.

But the Communist question will not go away. The issue of Communists in government, barring an electoral earthquake of which there is no sign, will remain the country's underlying dilemma. Its solution will moreover be the clearest sign that Italy's first republic has conquered its greatest shortcoming, the lack of a political class worthy of its economic weight and its West European role.

### Fiat gave way gracefully

authorities against economic crises, will have almost exactly the opposite effect. Industry, already burdened by high financial charges, will suffer still further: funds for investment will become yet more expensive, while even the safety valve of devaluation, as an aid to competitiveness abroad, has been closed, at least for the time being.

In terms of economic output, it will be a body blow. Although economic growth in 1980 is expected to be 4 per cent, the recession is now reaching Italy.

Inflation should drop next year from the 19 per cent predicted

for this, but probably too late to ward off the devaluation (or at least change in the lira's central rate in the European Monetary System) that most people expect.

But the immediate economic outlook is only part of the story. In the medium term, it is

## MEN AND MATTERS

### Facing up to high-rise life

I am now beginning to understand more clearly why the Federation of British Industry came out so forcefully with its recent demand that overspending councils should not be allowed to cover cuts in Government grants by increasing the rates.

Should Michael Heseltine disregard his pleadings, the CBI itself faces a monumental increase in the charges levied on its swanky new home in Centre Point. Falling just inside the boundaries of Camden, the highest-rated borough in the land, Harry Hyams' high-rise

memorial to the architecture of the 60s currently costs the confederation some £540,000 in rates for a small year. Now the north London borough is buzzing with hair-raising and well-founded rumours of a supplementary levy coming up this year, with worse to come in 1981.

Never particularly well off, the CBI has dug deep recently to finance its move to Tóthill Street.

Now, I hear, it could face a bill for £25,000 in supplementary rates this year to help Camden clear its £5m shortfall, and at a meeting in 10 days' time the authority will decide on its plans for alleviating the effects of the Heseltine axe. Betting at the moment favours a 39 per cent rise in the domestic rate and a 33 per cent hike for commercial residents of the area where amenities range from super-select to downright

shambles.

Mr. Anthony was right to point to the danger that, as has happened in the case of so many other products, EEC lamb and mutton with the help of subsidies will compete severely with Australian and New Zealand farmers in the growing markets of the Middle East. The much talked of reform of the Common Agricultural Policy could, of course, provide some relief not only to them but also to European taxpayers. But that is very much a case where seeing will be believing.

Of course, the CAP has become everyone's favourite whipping boy, but Mr. Anthony's protestations in Brussels also raise some fundamental questions about his own country. They received an airing when Mr. Lee Kwan Yew, the Singapore Prime Minister, gave his Australian opposite number, Mr. Malcolm Fraser, a much publicised lecture about protectionism. Australia, so said Mr. Lee, was "more restrictive, more conservative, and more backward-looking than the most of Europeans."

And the only consolation is that one of its closest neighbours, the Trades Union Con-



The people from MGM are here, sir

gress, also falls within the boundaries of big-spending Camden.

### Widget king

Ken Whiston is all things to all men in the world of widgets, flanges, nuts, bolts and self-tapping screws. No company is too mighty, no hobbyist too humble. All are welcome at his depot at New Mills, near Stockport, where he maintains a huge stock of what he calls "engineering haberdashery."

At 87, however, after 30 years supplying the specialised needs of customers ranging from Shell and Mollard down to model train makers, he is thinking (not for the first time) of selling up. The difficulty, it seems, is that while his stock and buildings can be

assessed easily enough, no one can put a value on the goodwill he has built up with his 16,000 regular customers. "I can't put a price on it," he tells me. "I've had more out of it than money can buy."

Turning over some £350,000 a year, 90 per cent from mail order, he has set ideas on how to run a business. Disappointed with commercial mailing lists, he painstakingly prepares his

own from the Yellow Pages and sends out 150,000 catalogues a year. Advertising is strictly limited to a couple of lines in Model Engineer and Exchange and Mart, and yet his 30 staff work overtime continuously as they have since he began.

"I run this place on old-fashioned lines," he says. "I like to keep the customers satisfied. And if there is ever anyone who isn't, my word, he will be when I've finished with him."

### Gold lead

Those oh-so-secretive gnomes have rattled the international bullion market by starting to divulge highly-prized statistics on the amounts of gold entering and leaving the key Zurich market. Britain, meanwhile, is steadfastly keeping the pundits guessing and refusing to lift its three-year-old ban on information about shipments to London from South Africa, the Soviet Union and other major gold producers.

Zurich is normally the main channel by which Russia sells gold to the West—it even maintains its own bank near the Bahnhofstrasse especially for the purpose. Russia has yet to react, but some bullion dealers fear that Moscow's desire for a low profile could prompt the Soviet Union to divert its trading through other centres.

Admitting only to being a proud member of "Great Britain," he was described by one AUEW executive man as "more Right-wing than we are," while a Left-wing official dubbed him "a progressive socialist."

It was left to cynics on the spot to surmise that the way leftists had danced attendance on Knott during the past few days indicated that the Dorset delegate had been "nobbled."

His vote certainly surprised

general secretary Sir John Boyd, who admitted disarmingly that he had told Knott how to vote and that he had waved his arms about at the meeting to make it easier for him.

The Swiss customs authorities

now issue a full country-by-country breakdown of gold imports and exports. But, at the behest of the Bank of England, the UK Customs and Excise has produced no detailed figures on British gold imports since 1977. Even before that, the statistics were care-fully fudged, mainly, gold bugs believe, to accord with the wishes of Moscow and other big suppliers. Now that the Swiss figures are available

### Blackpool shock

The rough engineering worker whose single vote seems to have put paid to the Right's chances of real gains on the Labour Party's national executive committee this year, stepped forward yesterday to explain himself.

Dorset man Douglas Knott, 64 and jobless, upset all the plans so carefully laid by the Callaghan camp by voting with the Left at a meeting of the AUEW engineering delegation on Sunday, before the party conference began. His "aye" was enough to ensure that the union would continue to support Left-wingers on the NEC in the ballot being conducted last night.

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## FINANCIAL TIMES SURVEY

Tuesday, September 30 1980

## NIGERIA

TWENTY YEARS OF INDEPENDENCE

PART TWO

PART ONE APPEARED YESTERDAY

"Nigerians have always considered military rule an aberration and they have returned to politics with an enthusiasm and exuberance uniquely Nigerian."—BRIDGET BLOOM, Africa Editor, sets the political scene.

THE GREY-HAIRED civil servant leaned across the desk and wagged his finger knowingly. "Nigeria will stagger from crisis to crisis," he said. "You just mark my words." Then he added: "In the end it will pull through."

The end is not yet nigh: this week Nigeria celebrates only the 20th anniversary of its independence. But the civil servant, who was virtually the last British permanent secretary to leave the country, was speaking in early 1962. Events since then have proved him no mean judge.

Twenty years on, against all the odds and many a European

prejudice, the Nigerian federation seems to be working. No one knows for sure how many Nigerians there are; no one knows how many languages they speak, nor how many nations, tribes or clans they divide themselves into. But Nigeria is the giant of Africa; it comprises some 70m to 100m people live within its borders.

And in the last 20 years since the country gained independence from Britain, Nigeria has survived three-and-a-half military coups, two-and-a-half years of bitter secessionist civil war, 14 years of military rule

— and a series of elections

which last year returned the Government to civilian hands.

Nigeria today, however, in-furling or imperfect some Europeans or Nigerians find it, and despite enormous problems, is a going concern. Not so much — though it is not always their fault — can be said of many other developing countries.

How has it been done? Yesterday Part 1 of this special survey highlighted oil as the main engine of Nigeria's economic growth. It is indeed frightening to think what might have happened had Nigeria not found, in the late 1960s, that

its income was quadrupling every year, and more, from the oil exploited on and around its southern shores.

But if oil has brought pro-

found changes in the country's economic fortunes, no less remarkable has been the internal political revolution

which has taken place in response to the crises of the last 20 years. Nigeria came to independence on October 1, 1960 with a constitution worked out at one of those interminable London colonial conferences. It was designed to give the country's three huge but mutually antagonistic ethnic groups breathing space and freedom, but within the borders of a single country; it was overthrown by the army in little more than five years.

Nigerians have long since dis-

puted whether it was the constitution or the politicians who were chiefly to blame for the downfall of the first republic.

No doubt both were. The errors were costly, leading not just to

military rule but, as one of the ethnic groups attempted to free itself from the rest, to the Biafran secessionist war.

Ironically, however, it was that

war which provoked the military to take action of profound significance for Nigeria: it dissolved the former three-region

federation and put a federation composed of first twelve, and then in 1975, of 19 states in its place.

The creation of these states

meant that the three ethnic

groups, whose rivalry had been so destructive in the past, were no longer the all-important basis of political organisation. Gradu-

ally, over the past decade, the Yoruba, Ibo, and Hausa-Fulani

monoliths have been breaking up—as dramatically attested in the results of the elections last year. These are examined in more detail in articles overleaf.

Another theme also examined in some detail concerns rela-

tions between the federal Government in Lagos, and the 19 state governments. If the

civil war, and the defeat of the

eastern region as Biafra at the

end of it, condemned Nigerians

to live within common borders,

what system they should live

under has been the subject of

immense study.

In the Constituent Assembly,

convened by the military in

1977, no one seriously suggested

that Nigeria should be anything

other than a federation.

But the majority, perhaps

endorsing the view that you can

do something about the system

even if you can't change the

people — chose to reject the

Westminster model inherited

from Britain in favour of an

American-inspired Presidential

constitution.

The executive is strictly

separated from the legislature

across the 19 states; in the

centre, President Shehu

Shagari's relationship to the

new Senate and House of Rep-

resentatives would feel very

familiar to Jimmy Carter. The

creation of these states

meant that the three ethnic

groups, whose rivalry had been

so destructive in the past, were

no longer the all-important basis

of political organisation. Gradu-

ally, over the past decade, the

Yoruba, Ibo, and Hausa-Fulani

monoliths have been breaking

up—as dramatically attested in

the results of the elections last

year. These are examined in

more detail in articles overleaf.

As you journey around

Nigeria, all this represents far

more than the mere trappings

of constitutional government.

Nigerians have always con-

sidered military rule an aberra-

tion and they have returned to

politics with an enthusiasm and

exuberance uniquely Nigerian.

A year of course is much too

short a time to tell whether the

second republic has found a

better and more lasting frame-

work for political stability than

the first.

The first year began with the

remarkable achievement of the

soldiers' return to barracks; it

has witnessed a growth in

general confidence that they

might stay there. But it has

thrown up problems, too: the

relationship between the 19

state governors and the elected

Assemblies is often far from

easy. In the centre, too, the

National Assembly is flexing its

muscles and, some Nigerians

believe, trying to usurp execu-

tive power. The keynote of

President Shagari's first year in

office has been caution and

moderation: some believe he

will need to be much tougher if

he is to play his part in keeping

the constitution working.

But it is not only in terms

of its political system that

Nigeria has changed in the past

20 years. There has been a

social revolution, too. In the

north, for example, when inde-

pendence came, the huge tradi-

tional emirates held sway, each

with their police and courts.

Now these have gone, as has

the social premium once placed

on birth. Women are being

brought into society, and educa-

tion is gradually being made

available to all.

In the South, education has

been more widely available

longer, but as loyalties centre

more on the states and less on

the huge ethnic-based region,

the concept of a greater Nigeria is

almost paradoxically, being fos-

tered.

Crises have provoked rapid

change and with that change



In its 20 years of independence, Nigeria has moved from the civilian leadership of Prime Minister Sir Abubaker Tafawa Balewa (top), through 14 years of military rule under (left to right): General Ironsi (1966), General Gowon (1966-75), General Murtala (1975), and General Shehu Shagari (1976-80). General Shagari was elected a year ago.

have come contradictions. There is immense administrative inefficiency and corruption to set against the careful planning and execution of the return to civilian rule. There are the often appallingly low standards of teaching to set off the huge rise in educational opportunities. There is, above all, the immense and seemingly growing gap between rich and poor to put against the country's ideals of equal opportunity for all.

These contradictions alone seem certain to ensure crises enough for Nigeria's third decade.

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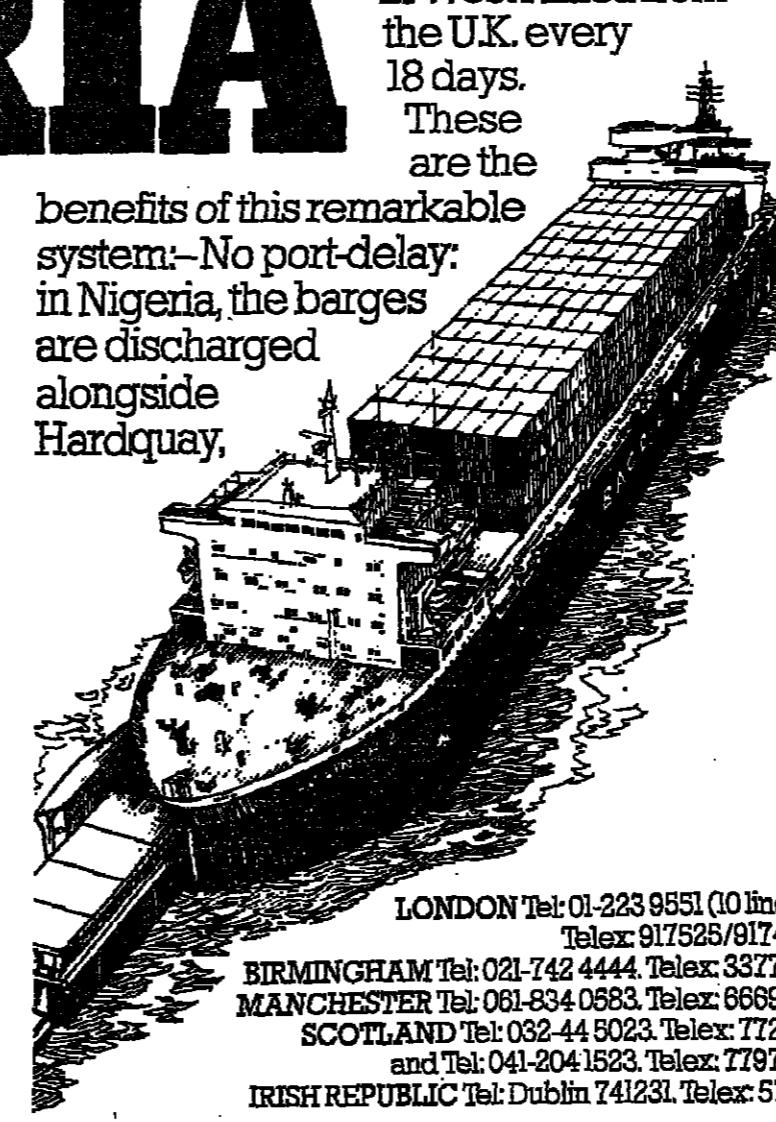
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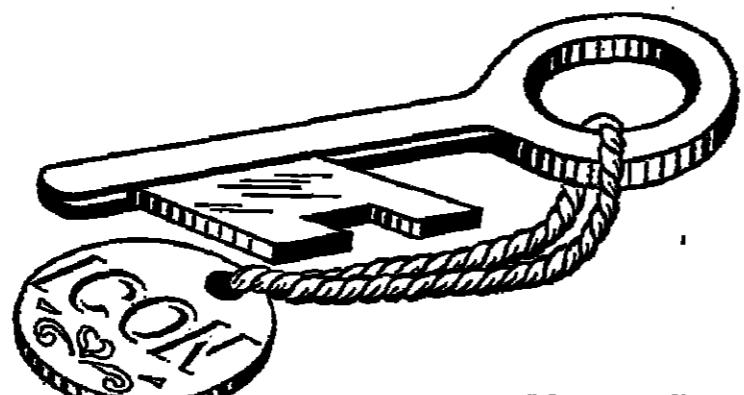
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## Under new management

President Shehu Shagari took office as President of Nigeria on October 1 last year and immediately ran into problems with the National Assembly, whose powers, under the new American-style constitution, are strictly separated from those of the executive. Though his own party, the National Party of Nigeria, has the largest number of seats, and though the NPN then concluded a broad political agreement with the Nigerian People's Party, it took the Senate and the House of Representatives two months to approve the President's Cabinet and more than three months to pass the budget. This tension between executive and legislature has been a notable feature of Nigeria's first year of civilian rule, in the centre and 19 states alike. It is the first of several themes of the past year in Nigerian politics which is examined by BRIDGET BLOOM on this and the next six pages.

ASK ANYONE in the Lagos or state parliaments how the first year of civilian rule has gone, and he will preface his remarks by declaring that "the Presidential system is very new, and we're all learning..." It is remarkable how few people, either at the centre or in the states, have direct experience of parliamentary government of any sort. Journeying round the state assemblies, you meet some men (very few women were elected) who sat in the constituent assembly which drew up the constitution, but the man with experience of one of the regional parliaments 15 years ago is a real rarity.

One is struck by how completely the state governments are, as one local journalist put it, under new management—whether the new men are retired teachers, businessmen and traders who prospered in the civil war, or drivers, bakers, mechanics and sometimes illiterate farmers. While dozens of assemblymen, as they are being called, have tried to make up for their lack of experience with tours to the U.S. and Britain, the majority of those operating the new constitution still seem unsure of their roles.

And despite the fact that very few had direct experience of the Westminster parliamentary model, the most confusing aspect of the new order is undoubtedly the strict separation of powers between legislature, executive and judiciary. A tussle has developed, in many of the states and in Lagos, between the executive and legislative branches of government. Many Nigerians believe this could lead to major problems in the future; specific conflicts are analysed in the articles in this section on Kaduna and Oyo states (Page XXXIII).

In Oyo, where the Governor and Assembly are from the same party, the resultant tension can probably, as the Governor maintains, be creative. In Kaduna, where the Governor does not control the majority in the assembly, there is complete stalemate, with the legislators openly threatening to impeach the executive.

In Lagos, the conflict has been evident over the appointment of the federal Cabinet and over the budget. Now, however, it centres on the National Assembly's attempt to produce the first amendment to the constitution to the unforseen conclusion that the nation's law makers are a collection of self-centred Nigerians whose major preoccupation is the acquisition of maximum comforts and remuneration for themselves," it declared in an editorial earlier this month.

The Assembly wants to abolish the National Economic Council. As it stands now the Governor, of the 19 states, under the chairmanship of the vice-president, meet to advise the President on "the economic planning efforts of the various governments of the federation." Views vary as to why the legislature is pressing ahead with the amendment—which would replace the NEC with "a body of experts better qualified to advise the President."

It is certainly true that the NEC decided that the salaries which the legislators intended to pay themselves should be lowered. Members in Lagos and

the States loudly objected to the States' salary issue. The whole salary issue is a tricky one, for while the constitution gives the National Assembly the power to fix the salaries of a range of public officers, beginning with the President, it gives no indication as to who fixes the parliamentarians' own remuneration.

HOW MANY Nigerians are there? No one knows, and quite possibly no one ever will. For no accurate and acceptable census has been held in Nigeria since independence 20 years ago; current estimates are based on the 1963 count, to whose total of 55.7m people has been added an annual estimated increase of some 2.5 per cent. Thus it is said that there are about 80m Nigerians.

However, this is sometimes topped up to 100m—for the election in 1979, 49m Nigerians over the age of 18 were registered and it has always been assumed that around half the country's population, as in many other developing states, were under 18.

The obstacle to an accurate census has always been political: power and the division of the country's wealth has historically been based on population, which gave plenty of opportunity for actual or supposed rigging of census results. In the old federation of three huge regions, the north, which the British run, a census of 1952-3 had found to have more people, dominated the south in the federal parliament and elsewhere.

The monolithic Northern People's Congress refused in 1962 to allow publication of the results of the first Nigerian-administered count: it was widely believed that the two southern regions had rigged the figures to redress the imbalance.

The second census was held a year later, and showed 25m in the north, against 25m in the southern regions. Those regions accepted the figures with ill-grace, accusing the north of rigging, but it is these which form the basis of all current population estimates.

In Oyo, where the Governor and Assembly are from the same party, the resultant tension can probably, as the Governor maintains, be creative. In Kaduna, where the Governor does not control the majority in the assembly, there is complete stalemate, with the legislators openly threatening to impeach the executive.

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However, Joseph Wayas, President of the Senate and, it seems, a prime mover of the amendment, says the question of principle is paramount. The Governor, he believes, have turned the NEC into a "forum for planning political vendettas." He maintains they are trying to exceed their powers as did the military governors in the days of General Gowon. It is widely believed that Gowon was overthrown in 1975 because he failed to discipline the governors, allegedly grown dictators in the fastnesses of their states.

The Governors are trying to use the NEC to increase their power. They must not be allowed to do so," Wayas says. He adds that Nigeria's problems in the past would have been greatly lessened if power had been shared, as it should be under the present constitution.

Whatever the rights and



Politics are back: Nigerian students lobby the National Assembly in Lagos

It had been hoped that the combination of the creation of 12 states, which was intended to defuse north-south tensions, together with the existence of a military administration in Lagos would produce an acceptable census in 1973. But that count showed that the six northern states together had a population of more than 51m, against some 28m for the six southern states. These results too were abandoned.

Now the Shagari administration has taken its first highly-cautious steps towards a new count. In May, the Council of State, comprising the President, the 11 Governors, former heads of state, key legal officers and traditional rulers, agreed to establish a census panel. This will consist of four men of "undoubted integrity, loyalty and character" from each of the 19 states. No date, however, was set either for the appointment of the panel or a new census.

Meanwhile, revenue continues to be divided partly on the basis of population: a new system of revenue allocation is to be debated in the coming parliamentary session, which provides that 40 per cent of all the money going to the states should be allocated according to the number of people each state has.

Opposing this, Professor Adedotun Phillips, a member of the recent Okigho revenue allocation commission, declared in a minority report that if population continued to be used as a basis on which to divide revenue "no matter how small" the weight attached to it, Nigeria will never in the future be able to conduct a reliable and acceptable population census."

The National Concord, the Western-based newspaper which supports the NPN, and like the PNP leadership, opposes the amendment, has been lessened if power had been shared, as it should be under the present constitution.

Whatever the rights and wrongs of the amendment—and the NPN and UPN leadership both oppose it—it has already passed through its initial stages in the National Assembly and is now making steady progress through the State legislatures.

The judiciary has been invited to intervene too early and is thus encroaching on the powers of the other arms of the state," Chief Rotimi Williams, one of the main architects of the constitution and one of Nigeria's most eminent lawyers, said. His alarm was echoed by Chief Rotimi Williams, one of the main architects of the constitution and one of Nigeria's most eminent lawyers.

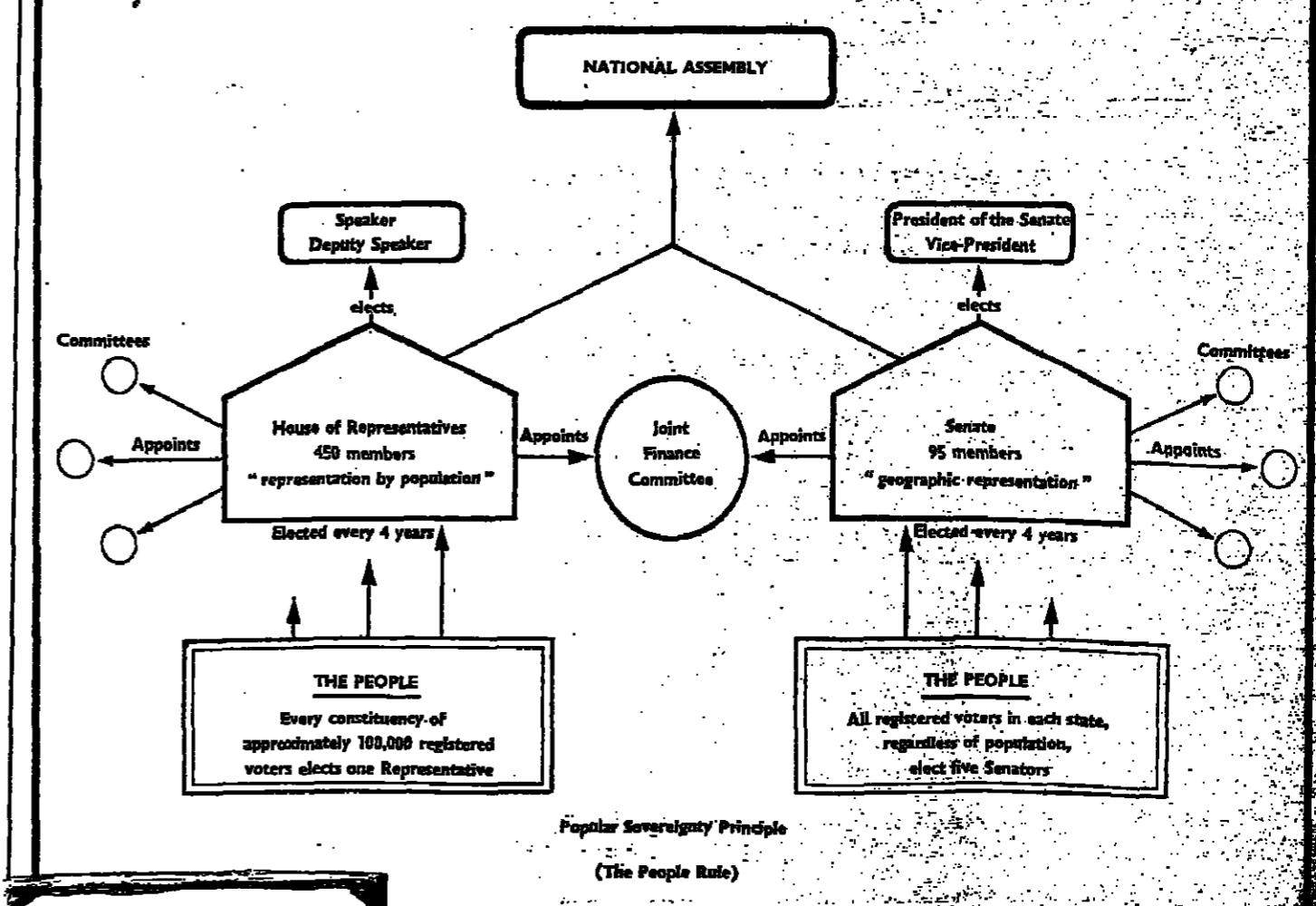
The judiciary has been invited to intervene too early and is thus encroaching on the powers of the other arms of the state," Chief Rotimi Williams, one of the main architects of the constitution and one of Nigeria's most eminent lawyers.

He cited the example of recent appointments made by the President, which were immediately challenged in the courts, where they were declared unconstitutional. "The courts should really have refused to take these cases.

Only when the actions of a presidential appointee affect a citizen should the appointment be challenged," he said.

Against this background, as well as against the performance of the other branches of Government in this first year, it is argued that the current tensions between the executive and the legislature are not necessarily conducive to a good Government.

### THE FEDERAL LEGISLATURE



## States defuse ethnic tensions

ANOTHER MAJOR theme thrown up by the first year's experience of civilian rule centres on the relations between the central Government in Lagos and the governments in the 19 states.

The most fundamental problem in Nigerian politics stems from the rivalry of the country's three great ethnic groups or nations. The designation "tribe" common but disliked by Nigerians, is an inaccurate description for the Ibo, Yoruba and Hausa-Fulani, each of whom probably numbers more than 10 million people—more than the total population of most member states in the UN.

These huge nations have vied for political power since Nigeria became self-governing, and the host of smaller groups—some maintain there are more than 300—have historically feared or been allied with them—but have never been able to be indifferent to them.

If there was an overwhelming reason why the first republic collapsed in the army in 1966, it was that the federation of three big regions proved incapable of containing the rivalry of these nations. In the first republic, which lasted from independence until the military coup of early January, 1966, an alliance between the monolithic Northern People's Congress (NPC) and the Ibo-run National Council of Nigerian Citizens (NCNC) was deeply resented in the Yoruba West.

## Corruption

The NPC's failure to deal with western discontent—exacerbated by Yoruba divisions, and by blatant election rigging and widespread corruption—led directly to the army's intervention.

Rivalry for control of Nigeria did not end when the military took over. The soldiers proved no more immune than the politicians to ethnic bias. General Ironsi, an Ibo and the first military Head of State, was widely believed by northern officers, and by the northern

THE KEY issue of the division of powers between the federal Government and the 19 state governments and the local government authorities occupies a dozen pages in the 120-page 1979 constitution.

The federal Government is given certain legislative powers exclusively while others, detailed as concurrent, may be exercised by either the federal or the state governments.

Local governments are given a constitutional right to exercise certain "functions." Some of the main powers exercised under this three-tier system are:

## Federal government (exclusive):

Defence, immigration, extradition, external affairs; financial powers; including banking, bills of exchange, currency, taxation of incomes, profits and capital gains, except for personal income tax in the states, public debt, customs and excise; powers to regulate trade, including export of commodities, patents and labour, including trade unions, industrial relations and disputes and prescribing a national minimum wage for the federation and any part thereof.

Other major powers include police, prisons, census, control of political parties, railways, post and telecommunications and aviation.

## Concurrent list:

Though laws of the National Assembly

in case of conflict are thought to prevail powers which the states may exercise include: allocation of revenue (particularly grants to local governments); collection of taxes (including rate fixing); electoral laws for local government (provided these are not inconsistent with federal laws); electric power; industrial, commercial or agricultural development.

The states are additionally given considerable power over education: they and the federal Government have power to make laws on "university, post-primary, technological and professional education." Primary education, however, is listed as the responsibility of the state and the local government councils.

## Local Government Councils:

One of their major functions is "participation in the government of a state . . . as respects . . . the provision and maintenance of primary education, the development of agriculture and natural resources other than minerals and the provision and maintenance of health services."

Other functions range from construction and maintenance of roads, registration of births and deaths and collection of rates, radio and TV licences to control of the "movement and keeping of pets of all descriptions."

civilian establishment which backed them, of wanting to impose Ibo rule on Nigeria.

When Ironsi was overthrown in July 1966, it was by northern officers. The prime motive behind the secession of the Ibo-run East a year later was fear of continued domination by the North.

Nigerians seem much less sensitive now than they were 15 years ago about acknowledging the ethnic basis of their politics. Most thinking Nigerians will now readily accept that the major linguistic and cultural and to a lesser extent, religious differences of the three major groups were a prime cause of past political instability. They acknowledge that the major aim of the break-up of the federation into a greater number of states was aimed at defusing the destructive tensions between the three nations.

The Mid-West had been carved out of the West in 1963, when Nigeria was still ruled by the civilians. General Gowon decreed the creation of 12 states out of those four regions in May, 1967, with the immediate aim of winning over the eastern minority peoples from Ibo-dominated Biafra.

Following popular clamour after the war's end, the regime of General Murtala Mohammed in 1975 created five more states, making 19.

## 'Fringe' states

The maps on page XXXIII show the process. If an ethnic map were superimposed, it would reveal that in broad terms the Yoruba "monolith" is now split into four, with two "fringe" states in which minority populations play a key and sometimes dominant role.

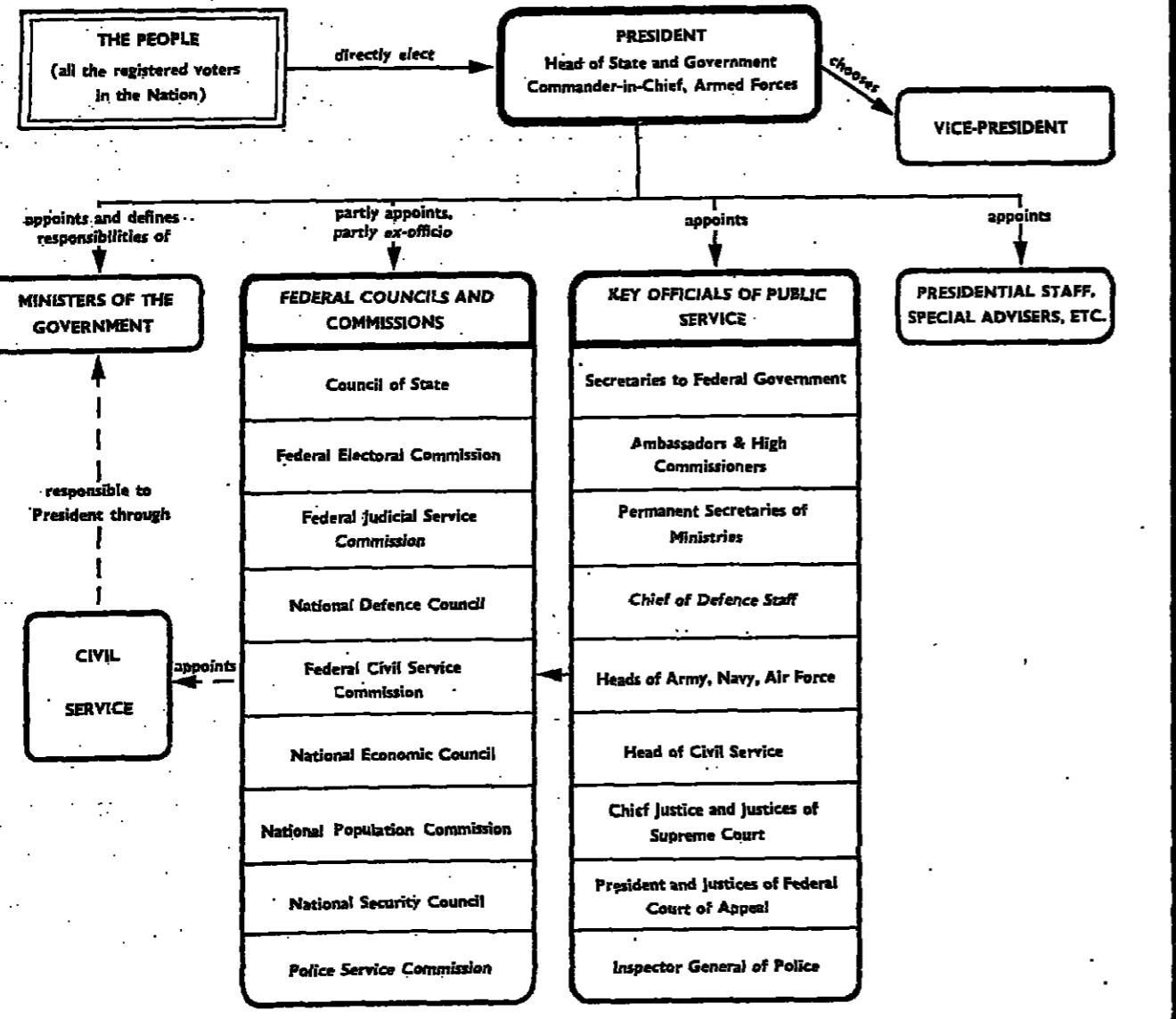
For the Hausa Fulani, there are likewise four states, and a "fringe" five or six, and for the Ibo, two fully Ibo states, and two or three "fringe."

When the constitution came to be drawn up by the constituent assembly for the new Nigeria of 19 states, the power relationship between the federal Government and the states, inevitably complex, had also to be drawn anew.

The key question now, after that constitution has been working for a year, is whether it does actually provide a framework capable of successfully containing ethnic tensions.

Two major questions will seriously test the constitution in this respect: the creation of more states, and the way revenue is to be allocated within the federation. Both seem certain to be major political issues in the coming months.

## THE EXECUTIVE



Source: Nigeria Year Book, 1980

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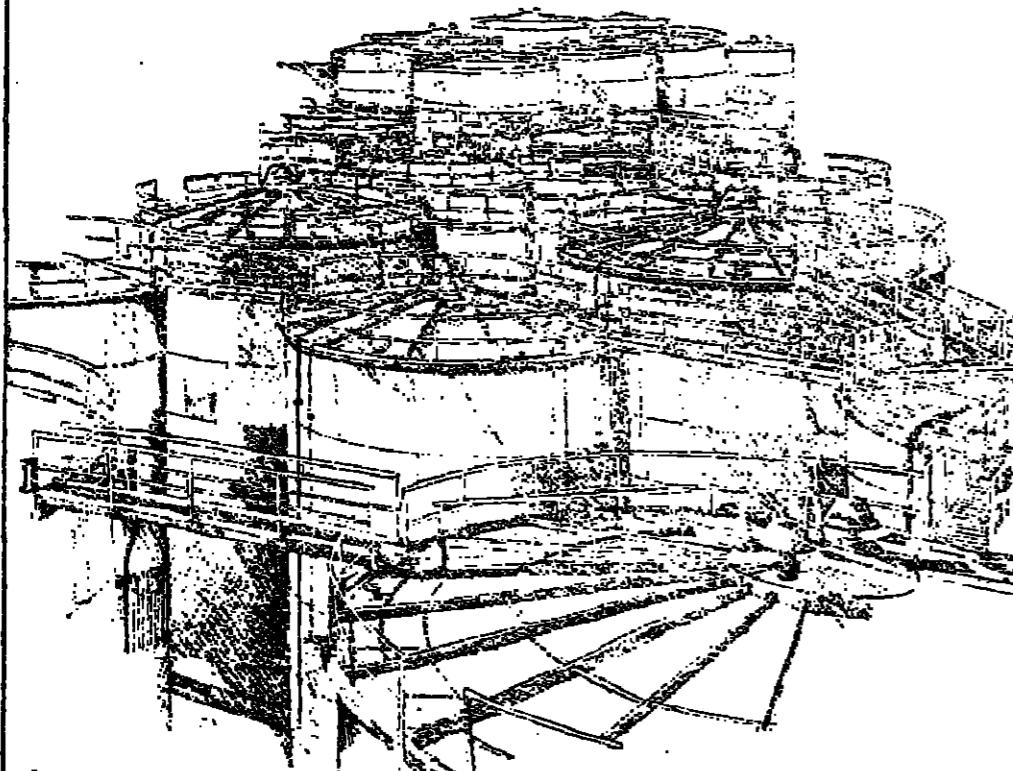
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## NIGERIA XXVIII

## Will Nigeria need a Garibaldi?

WHEN I first visited Nigeria 18 years ago, an inescapable subject of conversation was the imbalance in development between North and South. In northern Nigeria, a visitor would hear that southerners—whether Ibo or Yoruba or southern minority peoples—were monopolising jobs. In the South, however, the complaint was that the northerners were backward and had no right to use their greater political weight in the federation to get the jobs—or other opportunities—which they did not earn through merit.

Last month, I found myself having a similar conversation. There were far more southerners in the top jobs than there should be: northerners must be allowed their fair share. The arguments were alarmingly similar. Only last month, these conversations took place in Anambra state, which is entirely Ibo.

There can be no doubt that the existence of new states is beginning to break up the great ethnic monoliths. In the 1979 election, old alignments crumbled and new patterns emerged. In the 1960s, despite real hostility (and at times open rebellion in non-Hausa areas), the NPC consistently won an overwhelming majority of the seats in the old northern region.

## Unpredictable

But despite the common assumption that the NPN of President Shagari is the spiritual successor of the NPC (which given the changed political circumstances is only partially true), last year's election showed that voting patterns in the North can no longer be predicted.

THE constitutional requirements for creating more than the present 19 states are, many Nigerians believe, so difficult that the National Assembly is likely to try to amend them. This could be done by a four-fifths majority in the National Assembly and approval by at least two-thirds of the state Houses of Assembly.

Meanwhile, section 8 of the constitution provides that a new state(s) can be created only if:

1—It is requested by two-thirds of the members from the area concerned in each of the Senate, House of Representatives, House of Assembly in an affected state and the local government areas concerned.

2—The proposal for a new state is approved in a referendum "by at least two-thirds majority of the people of the area" concerned. (Much fun is made of this requirement, since it presumably erroneously refers to people and not to adult voters.)

3—The referendum result is approved by a simple majority of all the states in the federation, and a simple majority of members of the Senate and House of Representatives.

4—The proposal itself is then endorsed by a resolution of not less than two-thirds of the members of both the Senate and the House of Representatives.

Of the 10 states in what was the Northern Region, only five went to the NPN. Borno, partly because the majority are not Hausa-Fulani but a semi-related (and still Muslim) people, went to the GNPP. So, for similar reasons, though the spread of minority tribes is greater, did Gongola.

Kano, the business and trading heartland of the Hausa-Fulani and seat of one of the traditionally most powerful Emirs, went to the PRP of Malam Aminu Kano, long an anti-establishment figure, though a Hausa himself. Plateau, with its Tiv majority, went to the NPP—the party led by Ibo leader and Nigeria's first President, Nnamdi Azikiwe. Such a result would have been inconceivable 15 years ago.

In the south, a clear ethnic vote was apparent only in the bloc of four Yoruba states where the UPN was returned with huge majorities (in Lagos it swept the board). But even the UPN vote was only partially ethnic. The party won in Bendel too—once the Mid-West, Bendel is often described as a

mini-Nigeria, so varied are its peoples. The UPN victory in all five Western states probably had as much to do with its greater discipline as a party and to the charismatic leadership of Chief Awolowo, former premier of the western region and chief rival to Shagari for the presidency, as with ethnicity.

But if the increasing number of states has begun to break up the ethnic monoliths, will there, or should there be even more? There are insistent demands for new states from all over the country and seasoned politicians now seem to have accepted that new states will be created, despite the enormous problems.

The main questions now are not whether, but when—and how many. "Any politician who comes out against such and such a state has lost that area's support for ever," says an NPN man, who is privately a sceptic.

Many politicians acknowledge the dangers, however. Give this street its own state and soon the even numbers will be demanding separation from the odd ones on the grounds that the odds are lower down the hill and take more than their fair share of water," was the comment of a businessman in Anambra state.

Chief Awolowo, who at a press conference earlier this month came out more strongly than before in favour of the

creation of states, could well note that one day, if not in his lifetime, Nigeria would have need of a Garibaldi or a Bismarck to reunify the country.

The dangers of proliferation are as evident as is the burden of cost, with each state having its own civil service, a dozen or so Ministers and the panoply of elected parliamentarians. The advantages are said to be a further lessening of ethnic tensions, a probable increase in federal power, and certainly a greatly diminished likelihood of secession by one or a group of states—though many would argue that this, following the end of the Biafran secession in 1970, is no longer a danger. Above all, it is argued that the smaller the unit, the more chance of development at the levels where it really counts.

## Referendum

If more states are to be created, it seems likely that the constitution will have to be amended. As they stand, the provisions relating to the issue are all but prohibitive, requiring not only a referendum in the area concerned but hefty votes in their favour in two-thirds of the states and three-quarters of the National Assembly.

The next immediate step, however, is likely to be a meeting between senior leaders of all parties, to endeavour to reach consensus on how the issue should be tackled. Whatever is decided—and many still talk of the need to create an equal number of states in North and South—there will inevitably be some very tough bargaining, for the outcome of the next elections will depend on the way the divisions go.



Alhaji Yunusa Kaltungo, the National Party of Nigeria majority leader in the House of Representatives, talks to NPN colleagues on the forecourt of the National Assembly

## Mixed feelings over Gowon's legacy

## YOUTH CORPS

EACH MORNING last August a thickset Nigerian, probably on the far side of 40, donned his buff uniform to join his 20-year-old colleagues for morning drill. He is one of 25,000 newly-qualified students doing his Youth Service Corps orientation course throughout Nigeria this year: had he passed out next year, he would have benefited from a federal BII which will limit the NYSC intake to those of 30 years and under. Now, only pregnant graduates are exempted from the morning parades and the paramilitary exercise of "orientation" though as the Corps chief in Anambra state, Mr. L. D. O. Ezechukwu put it, "nursing mothers sometimes find this part of the course a bit tough."

The Nigerian Youth Service Corps, to give it its full title, was founded eight years ago by the then Head of State, Maj. Gen. Yakubu Gowon.

Today, some say that it will

prove to be Gowon's most lasting legacy—though the Corps has been roundly slated, particularly by students themselves.

Gowon believed that Nigerian

unity would be strengthened if

young Nigerians could only

work among ordinary people of

a different tribe. He also had

the military man's concern at

the lack of discipline in the

increasing number of campuses

around the country.

The military Government's

decree in 1973 made it com-

ulsory for every Nigerian

university graduate—or holder

of two slightly lower qualifi-

cations—to do a year's national

service outside their home area

before seeking employment. All

graduates, even those educated

entirely on private funds, have

to serve, while employers

taking on someone who has not

done so can be fined N5,000 or

face three years in prison.

NYSC officials however point

to marriages across the ethnic

divides as a result of Corps

service, as well as many cases

of students who decide to stay

and work in their "new" state.

But Inspector Ezechukwu

believes that the real benefit of

NYSC will only be felt in a de-

cade or so, "when all the

upper echelons of Nigerian

society will have passed through

the doors of the Youth Corps

service."

Sitting them in a big office, behind a huge desk, wielding a powerful pen and controlling policy, these people will be in a much better position to see the problems of Nigeria in a wider perspective than the occupiers of the same desks a couple of years past," he said.

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## Revenue: a delicate balance

The problem of revenue allocation is of even more immediate political significance than the creation of states. It has already cut sharply across party lines and threatens party alliances. Indeed, the division of revenue between the centre and the states is one of the most critical questions facing any federation—and Nigeria is no exception.

**NIGERIA** HAS had eight days when each region had its own source of income—cocoa for the West, groundnuts for the North, palm produce for the East. Under the Okigbo recommendations, an "equalisation fund" would be set up to compensate them for the money they would lose from oil.

The federal Government, accepting the broad lines of Okigbo, has tried to soften the blow for the oil-producers: it would give the oil states a statutory right to a small (2.35 per cent) percentage of the revenues generated by oil. The

states would in all probability get little if any more money than they do now, but clearly Lagos hopes that the reintroduction of the derivation principle will mollify the oil states politically.

The balance is delicate for the NPN Government. If Rivers and Cross River switched allegiance in the next election, the NPN could lose the Presidency.

The second reason for controversy centres on the way the total revenue "cake" is to be divided up. All the states, which are to get 30 per cent divided between them, say the federal Government's new allocation (33 per cent under Okigbo, 55 per cent according to the Government) is too much.

The federal Government retorts that it is actually getting less, for it has agreed that an

extra 8 per cent should go to

the states via the local govern-

ment councils. And it insists

that it must have a certain

minimum revenue itself to cope

with its myriad constitutional

functions.

The Okigbo report and the federal Government's White Paper now go to the National Assembly: it is the legislature's constitutional right to determine revenue allocation.

Advisers to President Shagari insist that they are fully consulting the Assembly, on both the revenue allocation and the 1981 budget, which should be drawn up on the basis of the new allocations.

They hope to have both

through the Assembly by the

end of the year. But if the

Assembly continues with its

new mood of toughness, the

battles could be bitter.

## Okigbo Commission's findings on share-out of funds set to provoke fierce debates

WHO GETS how much of Nigeria's income? Nigeria's eighth revenue allocation commission since 1946 has just reported: debates on it in the National Assembly, which has the Constitutional right to decide on final allocation formulas, will begin soon and are likely to be fiery.

In the mid 1950s, when Nigeria was clearly on the road to independence from Britain, the formulae adopted for dividing up the country's money reflected the constant battle for power between the federal Government and the three huge regions which then made up the federation.

In this period, a two-fold conflict developed: first, as to how much money should go to Lagos as against the regions, and secondly, how the sum allocated to the regions should be divided between them. In this latter conflict, two key principles emerged which continue to dog the allocation issue to this day: should a state or region receive money on the basis of need—or on the basis of how much money the state itself generates?

### Export crop

The latter principle of derivation held sway in the 1960s partly because each of the big regions produced a major export crop, from which it derived revenue: cocoa in the west, groundnuts in the north, palm produce in the east. The trouble really began when Nigeria discovered that it had oil in exportable quantities: not surprisingly both North and West tried to abandon the derivation principle in favour of need once it was discovered that the Eastern Region, because of oil, would become far richer than they.

Successive revenue allocation commissions since independence have in fact diminished the importance of derivation and highlighted need—whether on the basis of population or of the right to equal development—as main allocation criteria. This trend was most noticeable under the military, whose centralised

TABLE 1  
ALLOCATION AMONG THE STATE GOVERNMENTS, 1981  
(30 PER CENT OF THE FEDERATION ACCOUNT)  
(N million)

State	State Share of the Federation Account	Equalisation Fund (1% of Federation Account)	Total All-States (New Formula)	Statutory Allocations to State Governments 1979-80 (Old Formula)
1. Anambra	181,809	—	181,809	106,860
2. Bauchi	146,450	—	146,450	87,710
3. Bendel	153,146	81,517	234,663	194,100
4. Benue	155,453	—	155,453	87,580
5. Borno	155,470	—	155,470	96,970
6. Cross River	175,713	—	175,713	105,650
7. Gongola	144,402	—	144,402	90,800
8. Imo	132,766	—	132,766	127,350
9. Kaduna	137,193	—	137,193	115,020
10. Kano	223,034	—	223,034	142,440
11. Kwarra	126,005	—	126,005	76,030
12. Lagos	147,798	—	147,798	71,550
13. Niger	112,864	—	112,864	67,540
14. Ogun	124,524	—	124,524	73,380
15. Ondo	154,815	—	154,815	92,830
16. Oyo	214,408	—	214,408	133,240
17. Plateau	135,377	—	135,377	81,120
18. Rivers	125,735	70,283	196,018	167,570
Total	3,036,000	151,800	3,187,800	2,039,860

Source: Report of Okigbo Commission 1980

rule made them better able to override the political objections of the oil states.

The greater power of the Government in Lagos, and the new situation created by the burgeoning oil revenues, was recognised in Decree No. 6 of 1973, which did away almost entirely with the derivation principle. This is the system which is now in force; it will remain until the National Assembly agrees another.

For the current year it provides:

• That out of the estimated federally collected revenue of some N11.8bn, the Federal

Government retains N9bn or nearly 80 per cent.

• That N2.2bn goes into the States' "distributable pool account." This is shared between the 19 states on the basis of a formula which provides for 50 per cent to be divided equally between the states, and 50 per cent on the basis of population.

• That a sum of N312m, which represents 20 per cent of the revenue derived from on-shore mining rents and royalties, is shared among the states on the basis of revenue attributable to each state arising from mining.

Effectively this is the only revenue still distributed on the basis of derivation and it goes principally to the oil producing states of Rivers and Bendel, although Plateau, which

produces tin, gets a tiny share. Cross River, because oil is found there only off-shore, gets little extra revenue.

In the past few years, the federal Government has also made non-statutory grants to the states. In the current year 3 per cent of federal Government retained revenue (N277m) goes to the states for on-passing to local authorities.

Education grants to meet the costs of free primary education amount to N413m, based on N40 per child, plus some N160m capital grants; and development loan stock amounting to N300m will be lent to the states in 1980 on the basis of 50-50 population and equal shares.

### White paper

The Okigbo Commission, which was appointed by President Shagari in November last year, reported in June and the report, with a white paper from the federal Government, has just been published.

Okigbo's most controversial of very many complex recommendations (the report runs for four volumes) is that the derivation principle should go entirely, to be replaced by a formula which would divide the money between the states on the basis of population and of need, with some extra money going via a special fund to the oil states, first, temporarily, to compensate them for the loss of "their"

oil revenues, and on the longer term to aid development of the oil producing regions. Okigbo gives a larger share of total income to the states that they have previously had—40 per cent of the total federation account if the 10 per cent allocation to the local government councils is included.

Okigbo also recommends that most of the grants, and especially those for education, which the federal Government now makes to the states should be subsumed within the new statutory allocations. The table shows in broad terms what Okigbo has computed the new allocations would be for 1981, compared to actual allocations in 1979-80.

### States' income

However, it was far from clear in mid September 1980 whether these figures gave an accurate idea of what the states' income would be.

This is partly because the federal Government does not agree with certain of the Okigbo recommendations: most notably, it would allocate between 2 per cent and 3.5 per cent (see table 2) of the special fund revenues to be divided on the basis of derivation between the "mineral producing states" (which could mean that Anambra state, with coal, or Plateau with tin, will get some of the total sum the oil states believe is their due). It is also not keen to give up its ability to provide grants, while it allocates only 8 per cent to local governments.

There was however also a considerable discrepancy between figures published by Okigbo, which show the states getting more money as a result of the new formula, and figures produced by the federal Government and published with the budget which would suggest that under neither the Okigbo or the federal Government formula will the oil states be much, if any better off.

It is this question which is likely to be the subject of the bitterest debates in the coming weeks.

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TABLE 2  
REVENUE ALLOCATION

Distribution of the federation account	Percentages	Federal government
Government of the federation .....	53	55
State governments .....	30	30
Local government councils .....	10	8
Special fund .....	7	7

# President Shagari: a firm hand needed

WHAT IS likely to happen on the critical issues of government which have been examined in preceding pages, as Nigeria moves into its second year of civilian rule? A very great deal will depend on the leadership from the centre.

A year after his election, the most frequent descriptions of President Shehu Shagari are that he is a "good," "well meaning" or "no doubt sincere" man. Mild-mannered and unassuming—though, some say with a streak of steely stubbornness—he has not made personal enemies. He has, however, many critics.

"Shagari's hardly a man to set the Niger on fire," says one colleague. "He does not understand what it takes to be President," says a senior party official. "He grew up under the parliamentary system we inherited from Britain and that's all he understands." Others note, with some apprehension, that Shagari's model seems to be Sir Abubakar Tafawa Balewa, first prime

minister of the federation. Sir Abubakar was widely respected personally but was considered a minister in the Balewa Government, and for several years a Commissioner under General Gowon. He chairs cabinet and ministers say, does not discipline it firmly enough. "We usually meet from early morning until evening with only kola nut and peppermints to see us through," says one. In early September 80 papers were awaiting its deliberations.

"This constitution demands that the President be a father-figure, and firm at that," said a party colleague, who wonders whether Shagari will allow the legislature to usurp his power. "The President is like the driver of a car: the legislators are there, sitting alongside, to warn him of the obstacles ahead. But he must remain the driver. If he lets them grab the wheel the whole vehicle could spin out of control."

One minister criticises

Shagari for governing by committee. The executive council, or cabinet, itself a hangover from Westminster days, still meets once a week. Shagari was a minister in the Balewa Government, and for several years a Commissioner under General Gowon. He chairs cabinet and ministers say, does not discipline it firmly enough. "We usually meet from early morning until evening with only kola nut and peppermints to see us through," says one. In early September 80 papers were awaiting its deliberations.

Shagari is said to acknowledge the force of some of these



NPN

National Party of Nigeria  
Leader President Shehu Shagari

36 seats in Senate, 167 in  
House of Representatives,  
holds 7 states: Bauchi,  
Borno, Cross River, Kwara,  
Niger, Rivers and Sokoto.

UPN

Unity Party of Nigeria  
Leader Chief Obafemi  
Awolowo

28 seats in Senate, 110 in  
House of Reps., holds  
five states: Bendel,  
Lagos, Ogun, Ondo, Oyo.

NPP

Nigerian People's Party  
Leader Dr. Nnamdi Azikiwe  
16 seats in Senate, 77 in  
House of Reps., holds  
three states: Anambra,  
Imo, Plateau.

GNPP

Greater Nigeria People's  
Party Leader: Alhaji  
Waziri Ibrahim  
3 seats in Senate, 44 seats  
in House of Reps., holds two  
states: Borno and  
Gongola.

PRP

People's Redemption Party  
Leader Malam Aminu Kano  
7 seats in Senate, 44 in  
House of Reps., holds two  
states, Kano and Kaduna  
though in Kaduna the  
House of Assembly  
majority is from NPN.

## Party men

Before any major decision, he is said to consult an enormous range of party men and officials. And he is said to have chosen his Cabinet by asking each of the 18 state branches of the NPN to submit a list of seven names from among whom he promised to choose.

Shagari is said to acknowledge the force of some of these

criticisms, but he and his supporters insist that the caution, moderation and tolerance which has characterised his first year have been essential. Nigeria, they say, is one of the most complex states to govern. Nigerians do not readily take to strong-arm rulers and there are special reasons now why the President has had to rule with extra caution.

Shagari's supporters note that

when he took office he did not have a commanding majority in the National Assembly; his own election as President was challenged in the courts; his own party was organised hurriedly, and his alliance with the NPP has not worked well enough to give him command over the legislature.

Above all, his supporters say, Shagari has had to build confidence, both in himself and in

the system: they note that very many Nigerians, a year ago, doubted whether the civil rule experiment could work, and spoke openly about their fears that the army would intervene again.

Shagari's supporters say that as confidence grows, so will the President's ability to give the nation a firmer lead: they point to the quiet but effective way in which he has so far steered the

country through what could have become major political crises. These include the "Oilgate" scandal which arose from allegations that N2.5bn of the country's oil money had "gone missing" the deportation of a senior politician from a rival

party; and the recent resignation of a senior minister following allegations of corruption. The "Oilgate" crisis is documented elsewhere in this survey. A Commission of Inquiry found the allegation false, but there can be little doubt that without adroit handling, the

## KEY DATES IN NIGERIAN POLITICAL HISTORY

1914	Amalgamation of Northern and Southern Nigeria under British rule.
1954	First fully federal constitution.
1955	Western and Eastern Nigeria become self-governing.
1959	Northern Nigeria becomes self-governing.
1959	National "independence" elections giving northern-based NPC the largest number of federal seats.
1960	Independence, with Dr. Azikiwe as Governor-General and Sir Abubakar Tafawa Balewa as federal Prime Minister.
1962	Emergency in the Western Region. Chief Awolowo tried for treasonable felony and jailed.
1963	Creation of Mid-West Region. Nigeria becomes a republic. Dr. Azikiwe becomes non-executive President.
1964	Elections lead to increasing violence in west.
1966	January 14: Military coup overthrows Sir Tafawa Balewa and regional governments.
1966	May: Military Government under Gen. Ironsi decrees abolition of federation; riots and killings in north.
1966	July 29: Gen. Ironsi's government overthrown. Gen. Gowon becomes Head of State not recognised by Gen. Okwui in east.
1967	May: Gowon Government decrees creation of 12 states. Eastern Region declares its secession as Biafra.
1967	July 6: Civil war begins.
1970	January: End of civil war with defeat of Biafra and flight of Biafran Leader Gen. Okwui to Ivory Coast.
1970	October: Gen. Gowon announces plan for return to civil rule for 1976.
1974	October: Gen. Gowon delays civil rule programme indefinitely.
1975	July 29: Gen. Gowon overthrown. Gen. Murtala Mohammed becomes Head of State.
1976	Four year civil rule plan announced.
1976	February 12: Gen. Murtala Mohammed killed in otherwise failed coup. Gen. Obasanjo takes over.
1976	October: Military Government published draft constitution.
1976	December: Local government council elected for first time.
1977	October: Constituent assembly convenes to debate constitution.
1978	October: Ban on political parties lifted.
1979	July-August: Elections under new constitution.
1979	October 1: President Shehu Shagari takes over. Military withdraws.

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## Parties grope towards new role

THE DEBATE about the nature of Presidential leadership will continue. Good leadership is clearly vital, but in turn will also depend on the attitude of other key sections and groups in Nigeria's complex society.

Yet another theme that the past year has thrown up is the changing role of the political party in the new political process. Does the party aim, as it once did under a Westminster model, to conduct itself like an alternative government? Or does the new system turn political parties into vehicles for fighting elections and not much more?

Chief Awolowo, who narrowly lost the Presidency to Shehu Shagari, and whose UPN has the second-largest number of seats in the National Assembly, has been criticised for trying to act like an alternative President. Clearly he, far more than the other three failed presidential candidates, finds the new system frustrating. He is the leader of the second largest party; he seems to feel like the leader of the opposition; yet he has no constitutional role at all.

Alhaji Waziri Ibrahim has apparently decided that a party leader under the new system barely has a role between elections.

For much of the past year, Awolowo has caviled from the sidelines. He still refuses—since he still maintains that he should have been President—to call Alhaji Shagari President; he continually criticises Government policy and puts forward his own ideas in long texts delivered at the occasional "world Press conference."

Awolowo shows no sign of wanting to retire from politics. He is often described as the most experienced and most dynamic of the party leaders. Under him, the UPN shows a greater degree of discipline than the other parties, and he commands great loyalty from his many followers. But he is obviously not an easy man to have as a political opponent. "People either love Awo or they hate him," says one senior politician.

Awolowo's critics maintain that he can be vindictive and capricious and that, despite his greater experience, he will never shake off a reputation for ethnic chauvinism. Many see his current activities as unhelpful and irresponsible. With his eye on the next election, his recent conversion to the principle of derivation in regard to the oil-states' revenue is seen by critics as a blatant attempt to win the support of Rivers and Cross River, currently under the sway of the NPN. In Kaduna, there is a widespread belief that Awolowo is encouraging the split in the PRP for similar reasons.

Awolowo is seen as the force behind the periodic meetings of nine state governors. These began last December, and involve the five UPN governors, the two PRP men from Kano and Kaduna and the GNPP governors of Borno and Gongola. The meetings stir up a great deal of political heat in NPN circles, where they are seen as an attempt by the UPN to lead a new coalition into the 1983 elections.

The third largest party in the National Assembly, the NPP, led by former President Nnamdi Azikiwe, is divided on a number of issues, not least on the continued validity of the parliamentary alliance with the governing NPN. There are frequent Press reports (and, so far, just as frequent denials) that at least one of the NPP governors will soon attend meetings of the nine. If that were to happen, it could presage a major political realignment, which could bring Awolowo to the Presidency in 1983. But there are so many imponderables that such calculations are premature.

Of the two smaller parties, the PRP is in particular disarray and it is far from clear whether Aminu Kano, its leader, can or will want to pull it back into some order. Not a particularly radical figure in any other respect (and in no sense a communist), Aminu Kano, alone of Nigerian politicians, has long appealed to the northern "Talakawa" or "teeming masses" for support. He lives more simply than most politicians and is considered more honest. A colleague once said of him that "were he to become President, within three months 'Malam' would be out in the streets carrying placards decrying his rule."

Aminu Kano's penchant for opposition could be the PRP's

downfall, although it is said that he is ready to join the NPN. If he did, no doubt many of his fellow supporters would follow him.

As for the GNPP, its leader Alhaji Waziri Ibrahim, a wealthy Kanuri businessman from Borno, has publicly declared that he is withdrawing from politics for the time being. He, apparently, has decided that a party-leader under the new system barely has a role between elections.

The deprived, and there are many millions of them, may one day become a political force. But for the time being, the capitalist ethic reigns.

And the army? Are Nigerians able to feel slightly more confident now than they were a year ago that the shadow of their military past is receding? Details on the armed forces are analysed in the accompanying article.

There can be no doubt that the sincerity of those generals who engineered last October's remarkable withdrawal to barracks: neither is there reason, from the evidence of this first year, to doubt that their successors share the view that the army's place is out of politics.

Yet once an army has tasted power, there must always be a danger that some group within it will want to try again. It is perfectly possible to envisage a time when some officers might think the politicians are unable to cope. If there were to be a failure of leadership at the centre, and politicking got out of hand; if corruption continued unabated but the country's oil wealth declined or was squandered, and if at the same time, groups of officers felt themselves disadvantaged within the army: these are the sort of conditions which could provoke another military intervention.

No one suggests that is likely now. And now Nigeria's politicians and their constituents are aware of the dangers. "They simply wouldn't dare make a coup again," said one Nigerian editor. "The army is very unpopular. The people would come out on the streets to fight them with their bare hands."

That may be an exaggeration. But 14 years of military rule was a salutary experience for civilians and army alike and with luck will impose restraint on both.



Back to barracks—but will they stay there?

## THE ARMED FORCES

Military service: voluntary. Total armed forces: 146,000. Defence expenditure 1980: N937m (\$1.7bn). Army: 130,000. 4 infantry divisions; 1 Guards brigade; 4 artillery brigades; 4 engineer brigades; 4 recce regiments; 64 T-55 med; 50 Scorpion light tanks; 20 Saladin; 15 AM-60/90 armtd; 75 Fv101 scout cars; 3 Saracen APCs; 32 105mm; 122mm; 130mm guns/bow; 81mm mort; 76mm ATK guns; 20mm; 40mm towed ZSU-23-4 SP AA guns. Deployment: Lebanon (UNIFIL): 1 bn (700). Bases: Apapa (Lagos), Calabar. Reserves: 2,000. Air Force: 8,000. 21 combat aircraft. 3 FGA/interceptor sqns: 1 with 3 MIG-17, 2 with 18 MIG-21MF. 2 tpt sqns with 2 Roko 1300 LST. 6 Coastal Patrol Boats.

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8 large patrol craft (4 Brooke Marine, 4 Abeking and Rasmussen).

2 Roko 1300 LST.

6 Coastal Patrol Boats.

(On order: 1 Meko 360 frigate; 6 FAC(M) (3 Lurssen S-133 with Otomat, 3 La Combattante with Exocet SSM); Seacat SAM).

Source: ISS Strategic Balance 1980-81

## Soldiers vanish from the streets

MAJOR-GENERAL HASSAN KATSINA sat cross-legged on his veranda in the warm Kaduna evening. He had just finished listening to the BBC news on an impressive short wave radio and was waiting for friends to appear for a game of scrabble. "I don't bother about news from the local papers these days," he said "and I see very little of the army. They kindly invite me to their functions sometimes, but I prefer not to go. I'm out of it now and that's the way it's going to stay."

Hassan Katsina was chief of staff five years ago; before that he played a major role in the civil war administration. But today, like his colleagues who retired from the armed forces more recently, he is in business, especially enthusiastic about his farm not far from Kaduna.

There are literally dozens of retired senior army officers in Nigeria: many left, as did Hassan Katsina, when General Gowon was overthrown in 1975, but most of the rest have been in civilian life for a little less than a year. The list—which includes almost no one over 50—is distinguished: headed by the former Head of State, Gen. Olusegun Obasanjo, now living at his home town of Abeokuta in business and (despite the occasional rumblings from the press that former officers should

be accountable for the past) now firmly out of politics.

The complete withdrawal of the armed forces from political life in Nigeria is certainly one of the most remarkable achievements, not least, if superficially, because of their physical disappearance from the scene. It is extremely rare to see a soldier in the Lagos (or any other) streets these days; a year ago, and for 12 years before that, aggressive khaki green

complains that demobilisation

was too fast were voiced by

the men who failed to effect

their coup (though they did kill

Gowon's successor Head of State, General Murtala Mohammed) in 1976.

That is part of the reason:

but so, too, is the political deter-

mination of the former and the

new leadership to keep the

forces away from politics.

This does not, however, pre- vent apparently good relations at the top level, between the President and the High Com- mand. Changes in April, which included several retirements, are thought to have introduced service chiefs whom the President fully trusts and the most delicate of all of the army's pro- grammes, a cautious demobilisation resulting in pruning and reorganisation, is continuing.

All military establishment

figures are secret. Observers

believe however that the army

now stands at some 145,000—

A Naval and Air Force Academy is to be set up alongside the army establishment at Jaji, near Kaduna, where a team of some 60 British officers, in a little publicised programme for which Nigeria pays, have now been training Nigerians for more than five years. An Indian team fulfills a similar role in ordnance and with the Navy, while Soviet instructors help train and maintain the Migs during the civil war.

Defence however still takes a disproportionate amount of Nigeria's national budget—it is the largest single item in the recurrent budget this year (N466m of which army salaries alone account for N255m) and though for the first time it falls behind manufacturing, mining, transport and education in the year's capital budget, the sum to be spent is still listed at N500m.

This contrasts sharply with the police, which many believe is a sadly neglected force and on which a total of at most N290m is to be spent this year. The force officially stands at 76,000 this year against 69,000 a year ago, and is being re-equipped, though apparently not adequately, with radios, vehicles and the like. But the force can at best provide one constable per 1,000 Nigerians: modern forces elsewhere like to insist on a ratio of one to 2,000 citizens.

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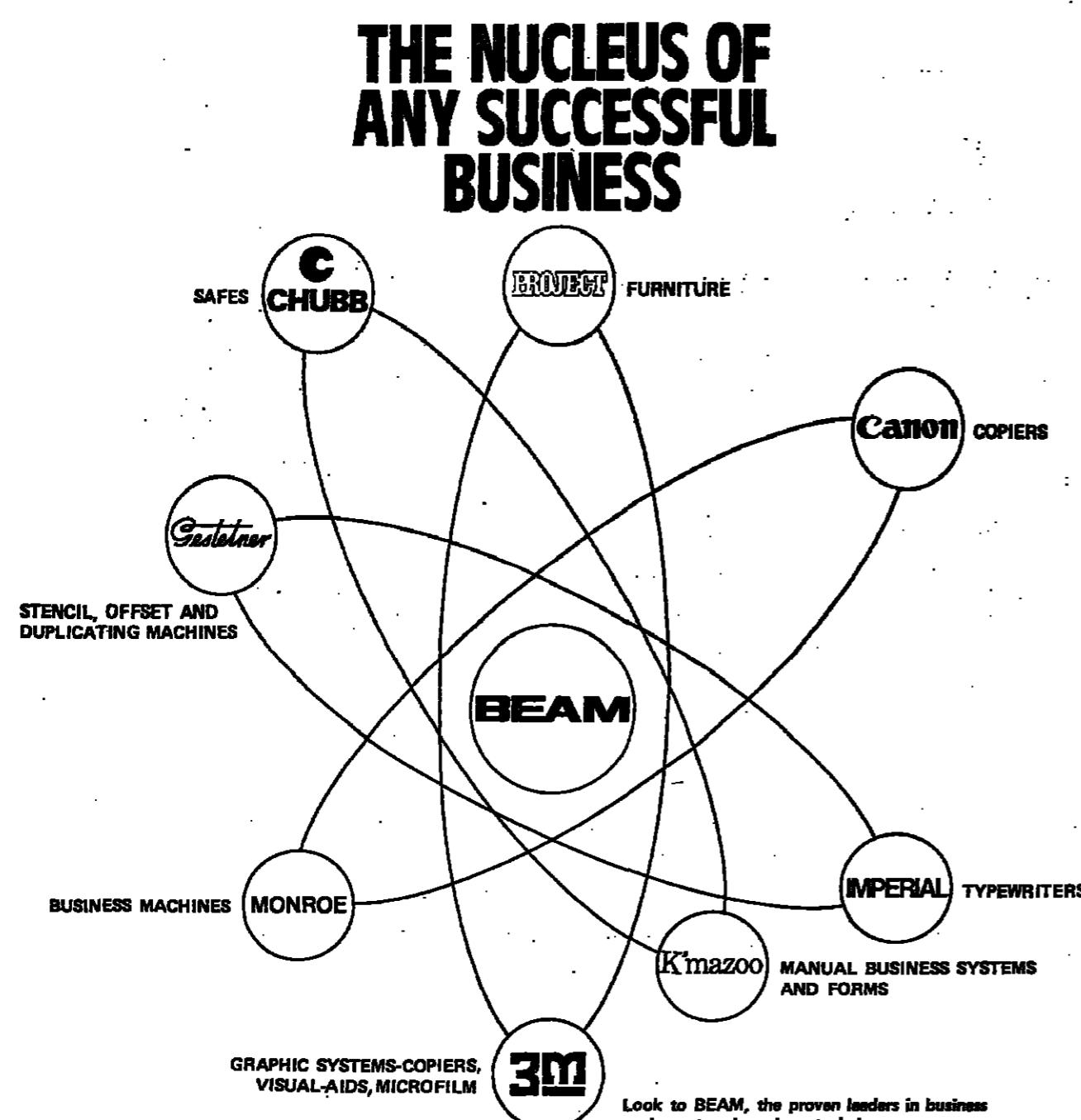
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## NIGERIA XXXII



All smiles as Nigeria's Foreign Minister, Professor Isaya Audu, meets Mrs. Thatcher at Downing Street. But Prof. Audu wants Britain to take a tougher line on South Africa and is even more critical of France. "France has put a spoke in our wheel for years, quite unequivocally and in every way," he says.

## Oil weapon is held in reserve

One in four Africans is a Nigerian. The country has the largest army of any black African state; it is the second largest supplier of oil to the United States and Britain's tenth largest trading partner. These are some of the reasons why the West pays attention to Nigeria's foreign policy. Nigerian External Affairs Minister, Professor Ishaya Audu, spoke to Bridget Bloom in Lagos last month.

NIGERIA'S civilian Government would nationalise foreign oil interests if it became convinced that this was "the only effective weapon" to gain its foreign policy objectives. So said Professor Ishaya Audu, Nigeria's Foreign Minister, in an interview in Lagos earlier this month.

Prof. Audu, once Vice Chancellor of one of Nigeria's premier universities, is a mild mannered man. His tone was far from belligerent and he made it clear that Nigeria had no intention of taking any such action now. But he wanted to make the point that neither the country's foreign policy options nor its policies had changed in the year since the military retired to barracks.

Eighteen months ago, the then military Government nationalised British Petroleum's share in oil exploration, because it said: "BP had flouted Nigerian policy on trade with South Africa. "We certainly would not rule out taking similar action for similar reasons," Prof. Audu said.

Hostility towards continued white rule in southern Africa has been one of the consistent themes of Nigerian foreign policy over the years: to make sure that Nigeria backed the successive attempts to settle the Rhodesian problem had long been an objective of British policy in Africa.

But that hostility remains despite Zimbabwe's independence. "No one can deny Zimbabwe is progress," Prof. Audu said: "Though the outcome of the election was not what Britain wanted, they honourably accepted it and we wholeheartedly commend them."

"But there is still Namibia and South Africa itself. We are still hoping that Britain, which has more investment in South Africa than any other European country, will use its influence more effectively. But we don't believe that when it comes to the crunch, and we are trying to enforce embargoes and the like, that Britain will be serious."

### Trade partners

Professor Audu would not be drawn on specific action Nigeria might take, although he said that Government was alarmed at its trade imbalance with Britain, in particular, and was studying the possibility of switching to alternative trade partners in certain areas in the longer term.

Professor Audu was in London in July on a diplomatic fence mending visit: relations between Britain and Nigeria plummeted in 1976 when Nigeria alleged that Britain had intervened to help the would be coup makers. They remained formally uneasy, mainly because of Rhodesia, even into the early part of this year. The London visit apparently went well, though with no meeting of minds. Professor Audu felt the need for a tougher approach to

reported that Nigeria had been to breakfast or lunch with you tomorrow." That's it. That's what we were saying."

Prof. Audu declared that the action of the Liberian soldiers, who had "lined people up and shot them like rabbits," was repugnant. But he had not an earlier admitted military government in Nigeria done the same thing when it publicly executed alleged plotters on a beach near Lagos? "I do not and will never uphold such conduct by anyone," Prof. Audu retorted.



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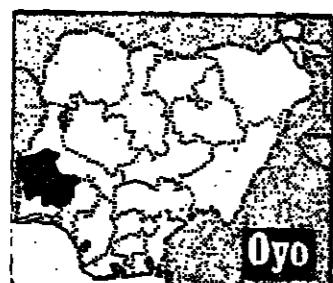
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**Nigeria is a federation of 19 states, each with its own politics, problems and cultures. Five of them are profiled on this page and on page XXXVI**



THE CLERK and his deputy sat smiling in wig and black gown at the table of the House while members lounged on the benches negligently waving their order papers. The Sergeant-at-Arms, resplendent in tailored green and polished leather, entered the chamber and after a dozen slow and measured paces gently laid the heavy mace on the table's end. The Speaker, following, quickened his step, gained his raised seat, and the day's business began.

Parliamentary democracy is

back in Nigeria and if the constitution under which it has been reinstated owes a heavy debt to the U.S., in the Oyo State Assembly there is no doubt where the practice of parliament was learned. With mace, ceremonial robes for the Speaker soon to come from London — according to Oyo Clerk of the House, Chief Michael Onijide "90 per cent of all our procedures comes from our British legacy."

Onijide claims that it would be too difficult to change procedure as well as the constitution and one sees his point. The American type constitution, with its strict separation of the three arms of government, is causing enough confusion already to those more accustomed to the British style of doing things.

The confusion is nationwide, but there are more reminders of the old style Westminster politics in Oyo than in many other states. Oyo is just one of five states carved out of the area

which was once the Western Region, but its capital is Ibadan, the former Western Region capital. Its new 137-member State Legislature occupies the same chamber as the former Western House of Assembly — though the second chamber, once reserved for the house of chiefs, is not wanted under the new constitution.

The political line-up seems to

have changed less here too, for the party led by Yoruba leader Chief Obafemi Awolowo, once Western Region Premier, still holds sway in Oyo as it does in the other four western states.

Now it is called the UPN — the Unity Party of Nigeria — but everyone agrees that UPN is the old Action Group reincarnated. To those who remember the old days, the similarity is underscored: only eight members oppose the UPN, and all now NPN, come from Ogbomosho, where Chief Akintola, Awolowo's bitter rival killed in the 1966 coup, drew support for his

SECTION 170 of Nigeria's constitution details the procedures necessary for the removal of a state governor and/or deputy governor from office. Three stages are envisaged in a process that could take at least three months.

1—At least one-third of the members of the State Assembly must sign and present to the Speaker, a document which details allegations that the Governor or his deputy or both are "guilty of gross misconduct in the performance of the functions of his office." Within the next 14 days, the House must vote by a two-thirds majority to proceed with a special investigation.

2—This is undertaken by a committee of

seven people who, in the opinion of the speaker "are of high integrity, not being members of any public service, legislative house or political party." Assembly must approve the Speaker's nominees and the committee must report within three months. The Governor may defend himself in person and be legally represented before the committee.

3—If the committee finds against the Governor and the Assembly supports it by a two-thirds majority, the Governor and/or his deputy must resign. There is no appeal, and new elections must be held within three months, the Speaker of the House acting as Governor in the interim if both Governor and his deputy have been impeached.

If the tension between the legislative and executive branches in Oyo state is largely creative, as Oyo Governor Bola Ige maintains, the same cannot be said for Kaduna. There, in the former capital of the old Northern Region, the new Governor and his legislature are at daggers drawn. An attempt by the Assembly to impeach the Governor and his deputy for "gross misconduct" is apparently only being averted by the insistence of Lagos party bosses that negotiations for a compromise must go on.

Alhaji Dauda Mani, a soft spoken man who habitually wears the long flowing robes of the north, swears he entered politics last year only to get the benefits of development, especially decent water, good roads and cheap fertiliser — down to the "95 per cent of our people who are poor and living in the rural area."

But now, he says, a year after the elections, "contractors are not being paid, fertiliser is twice the price and hospitals have no drugs. Our development has just stopped in its tracks." And he adds: "Any common man will feel — why not get this man removed and get our state moving again?"

Alhaji Dauda is the elected leader of the 68 members of the National Party of Nigeria in the Kaduna Assembly. A straw poll suggests that Dauda speaks for his men. The NPN, the ruling party in the federal Government in Lagos, has a two thirds majority in the Kaduna House of Assembly, yet by what its members there consider a quirk of fate, it has to deal with a Governor from a minority party. Alhaji Barabare Musa was elected under the banner of the PRP. That party got only 12 seats and while all the other national parties are represented — the GNPP has 10, the NPP six and the UPN three members — the NPN outnumbers them handsomely.

"Kaduna shows our new constitution at its greatest point of tension," a local newspaper editor says, the only case in the federation where a Governor does not belong to the party which has the largest single number of seats in the assembly. And Musa's position is in fact even more tenuous — he has, like the Governor of neighbouring Kano, Alhaji Abubakar Rimi, found himself under an order — now being challenged in the courts — which would expel him from the PRP.

#### At odds

While the reasons for the attempted expulsion are probably more national than local, he is a lonely man, at odds with his Assembly, his party leadership and, many people suggest, though he himself denies it, with much of the party's rank and file.

It is difficult for a layman to judge the allegations of unconstitutionality which each side throws at the other (several cases are anyway now before the courts). But there is no doubtting the existence of conflict. For a start, Barabare Musa has spent a year without a cabinet: he has four times submitted his cabinet list for Assembly approval and four times had it rejected.

At the end of last month, just before the final rejection, he swore that he would finish his term without appointing commissioners (ministers). He says he has tried and the Assembly

scrutinised for months in the Assembly, and was sent back to the Governor with considerable additions in expenditure but almost none in revenue.

As the Governor explained it, his budget provided for expenditure of N235m which was increased by the Assembly to N285m. "But when we investigated further, we discovered they'd got their sums wrong: the total was N302.2m."

Governor Musa says he finally assented to the Bill because the chairman of the Assembly's appropriation committee "made it clear that once my provisional authority to draw money over a six-month period had expired, I would have no alternative but to resign or ask the President to declare a state of emergency." Clearly he did not want to resign, while it was obvious that an NPN President would not act against the NPN majority in the Assembly.

But, Musa said, Kaduna simply could not afford what the Assembly had voted: if and when the money became available, he would order its release. Meanwhile he had placed a number of expenditure items on reserve. This, retorted the Assemblymen, is completely unconstitutional — as, they charge, are other actions by the Governor on local government councils and parastatal appointments.

#### Special factors

Is the Kaduna confrontation of more than local interest? Does it as some maintain, reveal a weakness in the constitution which could lead, not just in Kaduna but possibly one day on a national level, to political paralysis which bodes ill for Nigeria's future political stability? Or would the crisis melt away if, as most of the NPN men in Kaduna seem to believe, the Governor resigned?

It is clear there are some

NNDP. It all ought to look rather familiar: Chief Awolowo's party has a massive majority in the Assembly; his own UPN man, "Uncle" Bola Ige is the elected Governor. So presumably the tiny NPN opposition does its best to oppose an executive and legislature united in their determination to pursue UPN policies.

The reality, at least in this first experimental year, is quite different. Governor Ige and his legislature have spent much of the year at loggerheads. Of 12 Bills tabled in the House, only eight are now law. The Assembly has tried to curb the Governor's power to administer the budget, the Governor has refused to assent to a Bill giving the Assembly charge of its own funds, and at the centre of the whole row has been the appropriation Bill itself, submitted by the Governor in March and still not law in August.

Views of what has been happening naturally differ. In the Assembly, member after member tells you that the Governor is trying to abrogate too much power to himself. Here, they say, it was the Governor's refusal to assent to three Bills, including the Legislative Services Commission Bill which would give the Assembly staff full independence from the executive, which rankled and caused the row over the Budget.

It was for this reason that they decided to pass "a Law to control Expenditure and Impounding of Budget in Oyo State" a thinly-veiled attempt, as one assemblyman put it, to strip the Governor of his financial power. "We know the state is not rich," Speaker Chief Gbolagade says, "but there is a question of principle at stake. We must have independence for ourselves and our staff."

Down the road in the Finance Ministry, Commissioner (minister) Chief Abiola Morakinyo, saw the problem through the eyes of the accountant he used

to be. He admitted that the Assembly had a "perfect right" to scrutinise the Budget, but noted that it had added some N65m to expenditure while finding only N1.2m in additional revenue. "We already have to find N36m more to pay the minimum N100 a month wage. This would bring our deficit to N120m — or revenue less than three times that."

Governor Ige, in his telling residence which once housed the Western Region Governor, endorsed his Commissioner's views, but maintained that the real basis of the Assembly's quarrel was the executive's refusal to allow them to set their own salaries. This is fast becoming a national issue.

The constitution gives the National Assembly the right to fix salaries of most public officers from the President down, but is silent on the salaries of the legislators themselves. The problem, Ige declared, had to be worked out at a national level.

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What does it all mean? It is not necessary in Oyo to take seriously the mutterings in the Assembly's corridors that the Governor should be impeached. The assembly is flexing its own muscles; the Governor is feeling out the parameters of his own power. Ige describes the resultant tension as creative.

He is more interested in the fact that the UPN is putting its policy of free education — at all levels — into effect; and that health services too are now free. He rebuts any suggestion that the programmes are being introduced too hurriedly and standards are falling badly, and both he and the Finance Commissioner declare that "every kobo" they are owed from Lagos has been forthcoming, despite their party's often bitter opposition to President Shagari's Government.

Lagos and the oil revenues will, it is hoped, meet the growing deficit while a few of the laws that the Assembly has passed — such as the legalisation of pools betting and casinos — will perhaps help to swell the local coffers.

As for the conflict with the Assembly, Governor Ige feels that he has ultimately the upper hand. "I am the chairman of the party in this state and my commissioners are all senior party officials," he said firmly, sounding rather like a shepherd who knows his flock will stay, but is confident he has the means to bring them back into the fold when he needs to.

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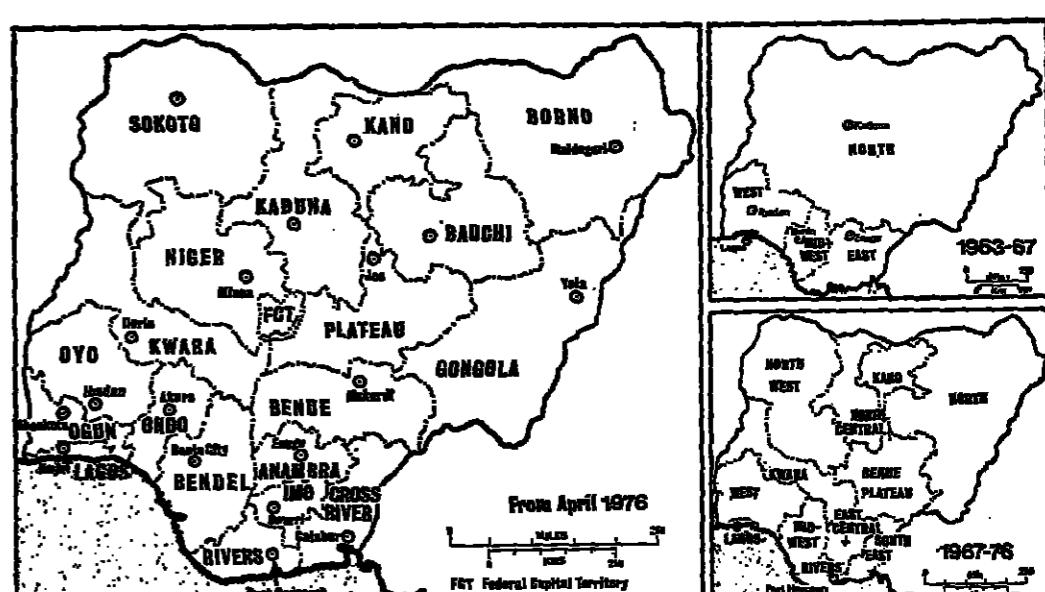
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# NIGERIA

## FIRST YEAR IN OFFICE OF PRESIDENT SHEHU SHAGARI

## POLITICAL HISTORY

Nigeria, the most populated black state in the world, became a sovereign state on October 1, 1960. Before then it had been a colony of Britain since 1914 when Lord Lugard amalgamated what used to be the Southern and Northern protectorates of Nigeria. Independence from Britain was achieved through nationalist struggle — strikes, agitation, mass protests and verbal warfare. There was no armed struggle.

The civilian administration that ushered the country into political independence was elected through democratic elections held in 1959. That government handed over power to a military government in January, 1966 after some sec-

ondary and war victims were granted and war victims were rehabilitated. There was post-war reconstruction followed by an economic boom. By now Nigeria had become a Federation of twelve states in response to the demands for the creation of new Federal Electoral Commission (FEDECO) and charged it with the responsibility to register political parties and conduct elections into the Senate, the House of Representatives, state Houses of Assembly, as well as conduct Gubernatorial elections and the election of the President and the Vice-President on a joint ticket.

There were very many political associations wishing to be registered as political parties to make Nigeria a Federation of nineteen states. The Head of this government, the late General Murtala Mohammed FEDECO. These five political parties are the National Party of Nigeria (UPN) who had Chief Phillip Umeadi as his running mate.

## PRIORITIES

In two speeches on October 1, 1979 after his swearing in, President Shehu Shagari announced the priorities of his government. These priorities had formed the basis of his campaign for the office of President.

He promised that Agriculture will be transformed to the point where Nigeria will be food self-sufficient and formally announced the commencement of an agrarian revolution tagged the Green Revolution.

There will be millions of additional housing units too in the urban as well as in the rural areas. Emphasis will be on home ownership and to reduce the cost of building a house. President Shehu Shagari's government will encourage the local production of building materials.

Education will be a priority and it will be qualitative and have a sound moral content. Individuals and Voluntary Agencies will be encouraged to open schools as long as they meet government guidelines.

There will be a Ministry of Science and Technology which shall develop policies to be reflected throughout our educational system.

Africa shall remain the cornerstone of our foreign policy and it is the National will that Africa shall be free, of racial bigotry, free of oppression and free from the vestiges of colonialism. President Shehu Shagari promised that we shall continue to support all forces of progress and oppose all forces of oppression in Africa and elsewhere. He reaffirmed faith in and support for the Charter of the United Nations and the Universal Declaration of Human Rights, the charter of the Organisation of African Unity, the Economic Community of West African States (ECOWAS) and the Organisation of Petroleum Exporting Countries (OPEC).

## THE FIRST YEAR

By October 1, 1980, President Shehu Shagari's government will have been in office for one year.

How has he performed and how well has he made good his promises? This assessment has to be made having in mind the constraints imposed by the constitutional provision of the separation of powers.

Under the constitution, the National Assembly or the Executive can initiate bills that need the National Assembly's blessing and the President's assent to become law. Where the President's assent has not been received within 21 days of the passing of a bill by the National Assembly, the

President can re-examine the bill and if it passes it with a two-thirds majority of members, it becomes binding on

the President to assent. The whole agrarian revolution will cost billions of Nairas and will, apart from the Federal Government, involve the state and local governments.

Executive and legislative acts

will be challenged in the law courts by concerned citizens.

In the one year of our operation, exciting and dogged fights have taken place in the law courts and a number of government actions and decisions at both Federal and state levels have been challenged successfully in the law court. All these have re-assured Nigerians that they are truly back in a democracy after thirteen years of military rule.

## AGRICULTURE

Agriculture or the Green Revolution has been the number one priority of President Shehu Shagari's government. Recently, the Minister of Agriculture, Alhaji Ibrahim Gausau who has now been nicknamed, the 'Chief Green Revolutionary of Nigeria' gave details of what the government had done to translate its plans and programmes into action.

The Green Revolution will be mechanised. Thousands and

thousands of tractors will be purchased. For a beginning,

about 200 tractors, 50 tonne lorries, 250 mobile ridge

ploughs, 250 small irrigation

pumps, 44 publicity vans, 250

sorghum and millet threshers

and 1,800 maize shellers have

been purchased for distribution

to farmers. That amounted to

about N18 million.

Locust, erosion, flood and insufficient rainfall are being counter-revolutionised. The government has on order some

fleet of helicopters to supplement existing stock all in the battle against locust.

There has been a re-organisation of the Federal Ministry of Agriculture and its agencies like the Root Crops Production Company and the Grains Board, two bodies that are charged

with the responsibility of producing and marketing the

staple food of most Nigerians.

The role of these two bodies is

regarded as crucial to the

revolution. The World Bank

is sending four experts to help

in organising an efficient and

effective marketing system for

these bodies. Chairmen and

Boards of Directors were

recently appointed to give them

proper direction.

The universities and schools

of Agriculture throughout the

country are being mobilised to

organise a crash training pro-

gramme for farmers as part

of the government's farmer

enlightenment plan. The inter-

vention is to get the farmers

to operate the machines them-

selves and not depend on gov-

ernment functionaries for such

purposes.

There are storage facilities

and the Ministry intends to

build more. The government

will purchase from farmers

what is regarded as surplus and

sell to needy consumers in

areas where there is no

surplus.

Agricultural research bodies

are assisting and the country

hopes to feed itself and be

able to export food within five

years despite the dependence

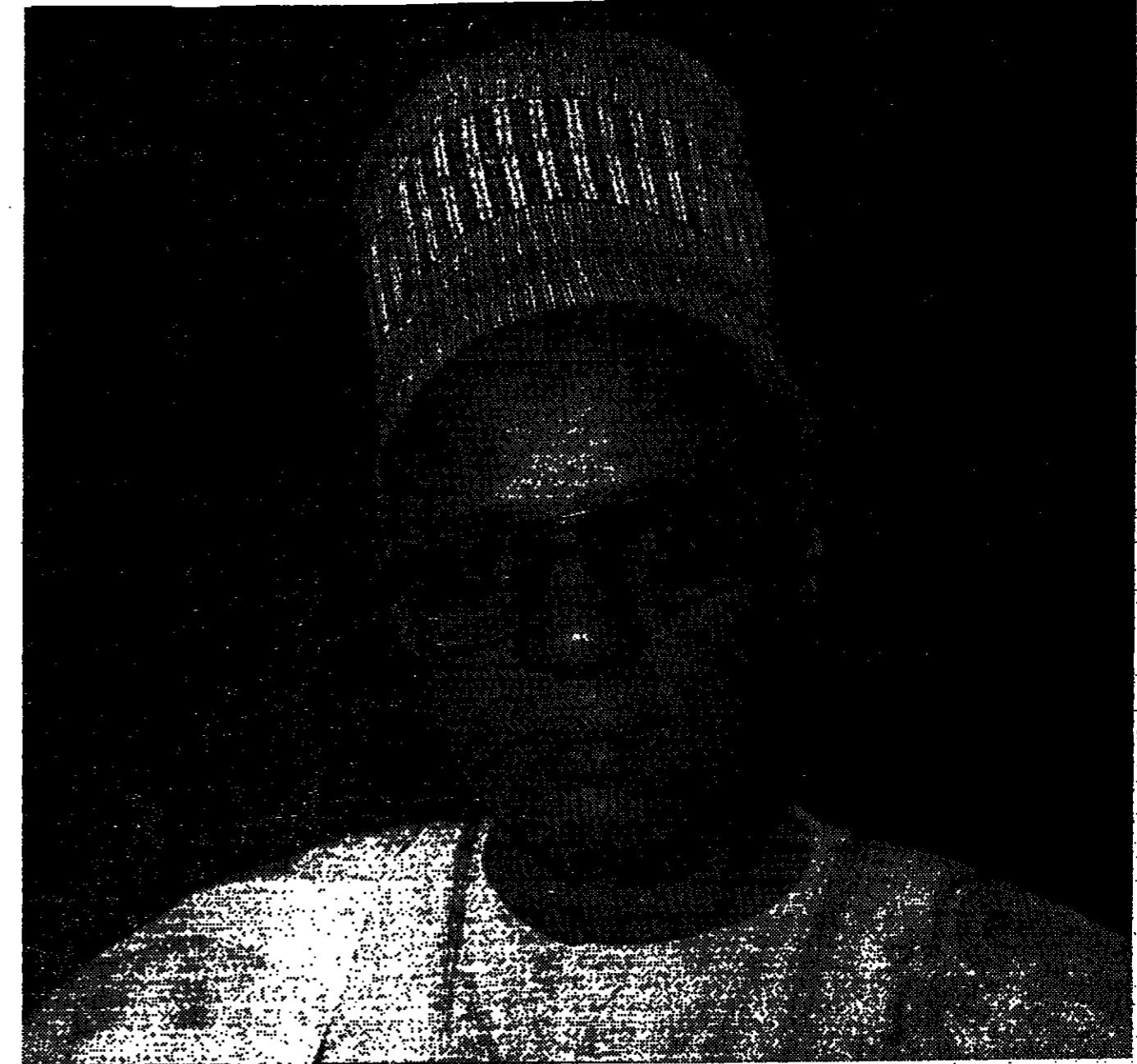
of neighbouring sister countries

for some of their food supplies.

## FIRST YEAR IN

## OFFICE OF

## PRESIDENT SHEHU SHAGARI

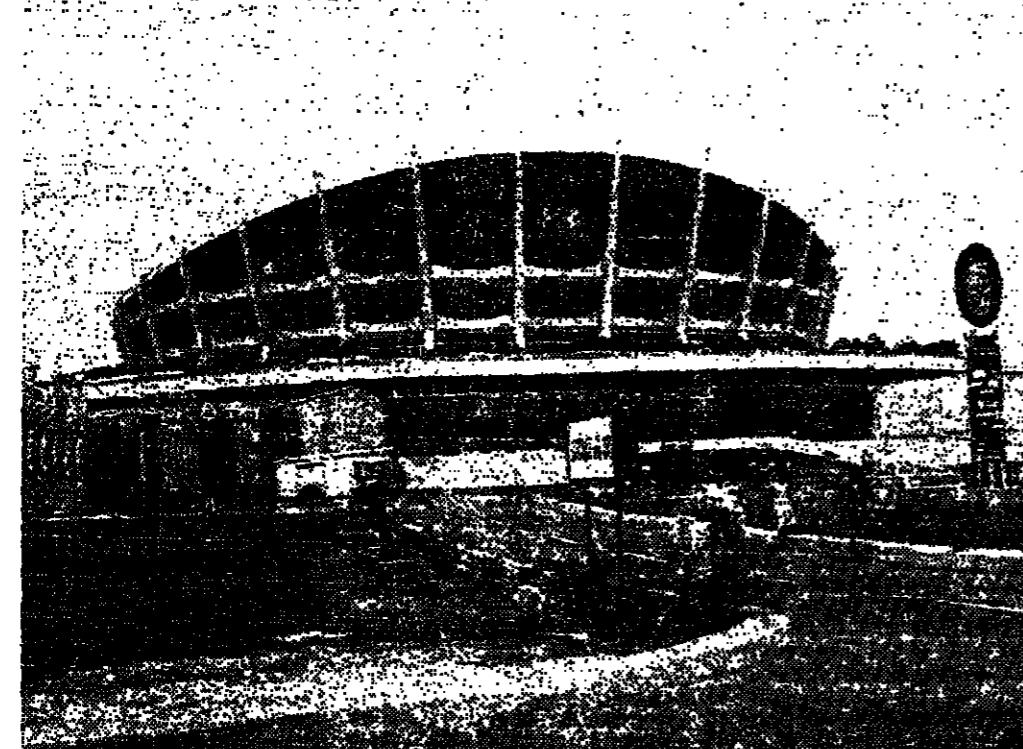


Alhaji Shehu Shagari, President, Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria.



tions of the Nigerian army had on February 13, 1976 after six mutinied in reaction to wide-dramatic mouths in office and spread political unrest and was declared a national hero. His Chief of Staff, Supreme Headquarters, General Olusegun Obasanjo, was persuaded by his colleagues to head the government and complete the programme embarked upon by his assassinated predecessor. A 49-man Constitution Drafting Committee was set up to Commanding the Nigerian Army took over power as Head of the Federal Military Government and Supreme Commander a whole year before it was constitutional was subjected to public scrutiny and debate for each and every member of the Armed Forces. He further subjected to scrutiny by the constitution made provisions for the system of government in preference to the Westminster type of democracy. It provided for a President, a Vice-President, a Federal Minister and a number of top army officers were killed. 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## ADVERTISEMENT



The National Theatre—officially opened on September 30, 1976—was the main venue for FESTAC '77.

an adult literacy programme the Ordinary National Diploma into office that Nigerians would aimed at achieving the same (OND) and the Higher National see a definite improvement in purposes. Emphasis, in this Diploma (HND). regard, is on functional literacy.

There are two Federal Executive Presidency in Federal and state, govern National Technical Teachers Nigeria. At present The period saw the commissioning of 21 automatic telephone exchanges which increased the telephone lines by 66,500 with Subscriber Trunk Dialling facilities whereby a subscriber could make direct connection with another subscriber in a different location without the assistance of an operator. During the period, all classes of Nigerians. The universities that any other government has also devised a country in Africa. At the new admissions policy into these moment, there are 18 full schools, which satisfies the fledged universities and the requirements of merit, the establishment of three new ones needs of the surrounding states had just been announced. In being offered to customers.



Nigeria's second petroleum refinery at Warri

where the college is located and 1982, the Open University The postal service also saw the central idea that Federal Government Colleges are conceived as "Unity Schools." Students of these schools usually represent Nigeria in microcosm. Secondary education is tuition free throughout the country. Admission into these schools has been increased to 1,500 students per year per school.

Technical education geared towards the production of technical manpower has received great attention with the increase in the number of Polytechnics.

There are 24 Polytechnics in Nigeria out of which seven are owned by the Federal Government. These Polytechnics award

through which National Television Network programmes are transmitted daily has been completed in all 19 state capitals Communication, Alhaji Akanbi in Nigeria. This system is Oniyangi promised on coming capable of generating radio

systems will start functioning in the completion of the country. This will benefit of 23 departmental post offices out of which 10 offices have already been opened while construction work is in progress in another 179 locations. Six sub-post offices and 142 postal agencies were also commissioned. In the mail delivery service sector, five new routes were opened and an additional 52,900 private letter boxes were provided for use of customers to cut down on the delay caused by house-to-house delivery of letters.

**COMMUNICATION AND POSTAL SERVICES**

The government realises the importance of an efficient communications network to national development. The Minister of Communication, Alhaji Akanbi in Nigeria. This system is Oniyangi promised on coming capable of generating radio

frequency currents that can be the Iron and Steel projects in deployed for telephony as well, the country. and considerable efforts were made during this period in installing frequency converter equipment in all the affected locations.

Progress was also recorded on all the five aerostat sites on civil works. In the south-west aerostat site 66 per cent of the motor sub-system ground electronics, mechanical and electrical works have been completed while the corresponding figure for North-east site is about 70 per cent. No equipment installation has started in North Central, South Eastern and North Western sites because of delayed civil works.

When completed, each television viewer in any part of Nigeria will be able to select television programmes going on in any one of the three major cities in the country.

Nigeria's communication with the outside world is handled by the Nigerian External Telecommunications Ltd. (NET). To improve on accessibility to the outside world from different parts of Nigeria, NET has embarked on the construction of the Second International Gateway Complex in Kaduna which on completion will cater for International Telecommunication Traffic from the Northern States of Nigeria. The system will provide alternate routing and system diversity for Nigerians communicating with the outside world.

NET has also introduced International Subscriber Dialling in Lagos metropolitan area to meet the growing demand for International Telephone Service.

As a matter of fact, these facilities have been introduced in three exchanges so far. There was also the commissioning of Lagos-Abidjan Submarine Cable

which, among other things, will provide high grade route diversity to the Satellite system and provide International telecommunications facilities to other ECOWAS (Economic Community of West African States) countries. NET also

commissioned the computerised Message Switching Centre which will automatically deliver international telegrams to the nearest office of destination and also route messages from selected centres to their destination overseas without the intervention of an operator in Lagos.

The Lanlate Satellite Earth Station was upgraded to meet the new requirement of the International Satellite Organisation (INTELSAT). NET has also established offices in five state capitals to provide telephone, telex and facsimile services. The facilities will eventually be extended to the other state capitals.

#### IRON AND STEEL DEVELOPMENT

Nigeria is constructing Iron and Steel projects at the following areas:

- (i) the Ajakuta Integrated Blast Furnace Steel Complex;
- (ii) the Delta Direct Reduction Steel Plant at Aladja and
- (iii) the three Inland Steel Rolling Mills at Oshogbo, Jos and Katsina. These projects were embarked upon before the present government came into office but it is determined to accelerate them and for that reason it put them under a Minister, Alhaji Ali Makale.

Considerable work amounting to about 65 per cent of the civil works on the Delta Direct Reduction Plant had been accomplished by September, 1979. The Ajakuta complex is being handled by Russian contractors who after protracted negotiations have now agreed to commission the light section and the wire rod mills by the end of 1983 while the remaining units will be commissioned by 1985.

#### WORKS

Nigeria continues to construct new roads and rehabilitate existing ones. It is an acknowledged fact that Nigeria has one of the best road networks in Africa. Right now, emphasis is on road rehabilitation. Consultants have been commissioned to prepare tenders for the rehabilitation and special maintenance of about 1,800 kilometres of roads throughout the Federation. Weigh bridges are being installed on existing highways and negotiations have been concluded with the World Bank for a loan of U.S.\$108m to finance the sixth highway project. This project consists of the strengthening of certain roads throughout the country. The Minister of Works is Mr. Victor Igwe Masi.

#### TRANSPORT

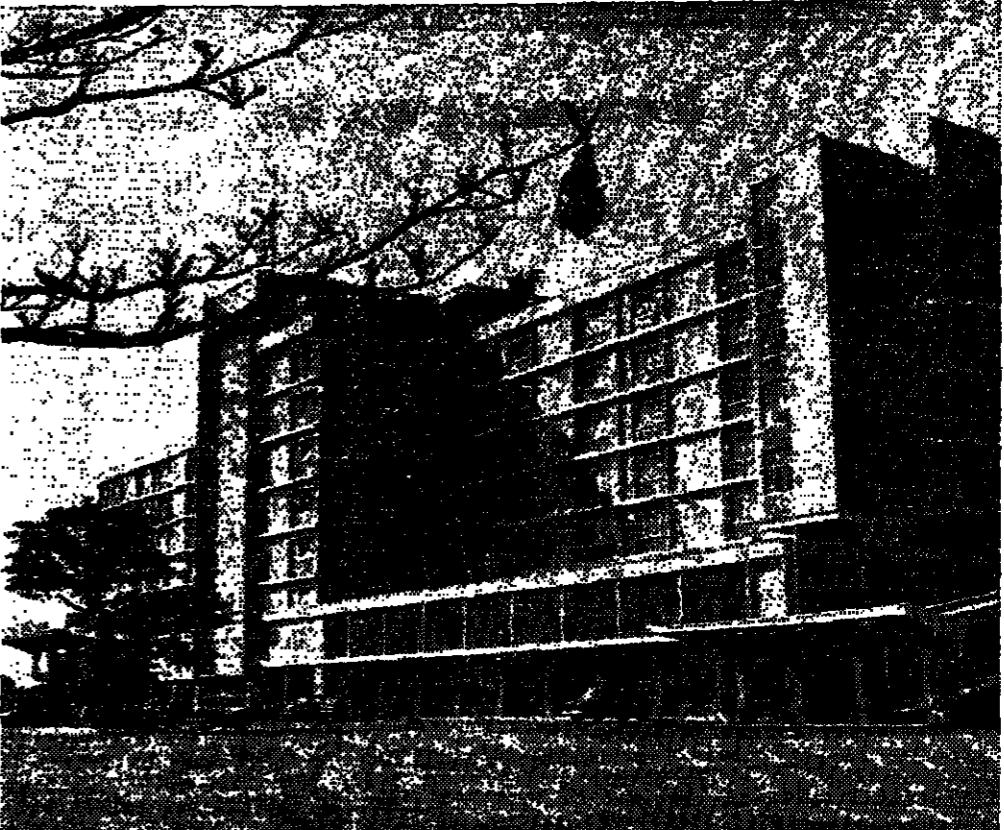
The main pre-occupation of the Federal Ministry of Transport with Alhaji Umaru Dikko as Minister, is the implementation of a master plan of railway system based on the standard gauge with a view to opening up the country and integrating the national economy. The project will take over 25 years to be implemented. There is a National Freight Company which during the period under review carried 125.8m litres of petroleum products for a total earning of N4.8m. It also made N2m for the handling of dry cargo. It has also secured freight contracts from most of

#### DEFENCE

The Minister of Defence, Professor Iya Abubakar, said on assuming office that part of Nigeria's defence strategy is to have well-trained and highly equipped armed forces to serve as a deterrent to adventurous countries. A draft agreement on Non-aggression and Assistance on Defence among member states of ECOWAS was finally considered at ECOWAS Defence Pact meeting held in Lome, Togo in May this year. The present administration has in fact embarked on a systematic increase in the number of defence missions both in Africa and other friendly countries. As a member of the UN, Nigeria is still fully involved with the UN Interim Forces in Lebanon (UNIFIL) and this administration has ensured that the nation is contributing its quota to world peace. The Defence Industries Corporation is being re-organised to meet the country's needs for small armament. A military assembly plant is under construction. Within the last one year, the present administration took delivery of four of the very modern and sophisticated warships for which order had been placed. These were NNS AMBE, ENYINMIRI, ERINMI and OFFIOM. Four other warships—NNS EXPEN, DAMISA, SIRI and ARADU, the largest and most sophisticated frigates this country has ever acquired, were acquired.

#### HEALTH

There has been an increase in the number of beds available in University Teaching Hospitals. There are 13 of such



Federal Palace Hotel, Lagos, one of Nigeria's premier international hotels

at 30th September, 1979, the last day of the military regime, the Ministries of Finance, realistic minimum wage. It overall financial position of the industries and National Planning with Professor S. M. Federal Government showed a deficit of about N1.4 billion. The public sector from N60 per month to N100 per month and provided similar plights. As a result of sound fiscal measures, President Shehu Shagari's government has been able to reverse the 4th National Development Plan (1981-85) are expected to be

In the words of the President, Nigeria wants "a new world, where no man and no nation is oppressed, where men as well as nations are judged by the



#### NEW FEDERAL CAPITAL - ABUJA

President Shehu Shagari's government will move the seat of the Federal Government to Abuja in 1982/83. All the city's projects relevant to the 1982/83 date are being embarked upon seriously. When completed, Abuja will be one of the most modern cities in the world. The Minister in charge of the Federal Capital Development Authority is Mr. Jatau Kadiya.

hospitals. There has been an increase in the number of doctors and nurses produced locally. The total input of students in medical schools has risen from 600 to over 1,000 in 1980. The broad objective of the Ministry of Health, whose Minister is Mr. D. C. Ugwu, remains the provision of adequate, efficient and effective preventive and curative health services throughout the country.

#### EXTERNAL RELATIONS

Africa remains the centre piece of our foreign policy. Our role in the struggle for the independence of Angola and especially Zimbabwe, is well known. Nigeria continues to assist sister African countries in the training of some of their nationals by scholarships in Nigerian universities. Nigeria will continue to put pressure on South Africa to change its obnoxious system of apartheid and to grant independence to Namibia. Nigeria now has diplomatic relations with both North and South Korea. Professor Ishaya Adu is the Minister of External Affairs.

#### SPORTS

Nigerians love sports, football being the most popular. The National football team, the Green Eagles, emerged champions of Africa by winning the African Cup of Unity. It participated in the Moscow Olympic Games and played a 1-1 draw with Czechoslovakia which won the gold medal. It is still in the running for the World Cup series, the finals of which will be played in Spain in 1982.

#### ECONOMY

All activities, recurrent and capital (development) depend on the State of the economy. For a number of years now, Nigeria has been talking in terms of billions. However, as revenue allocation

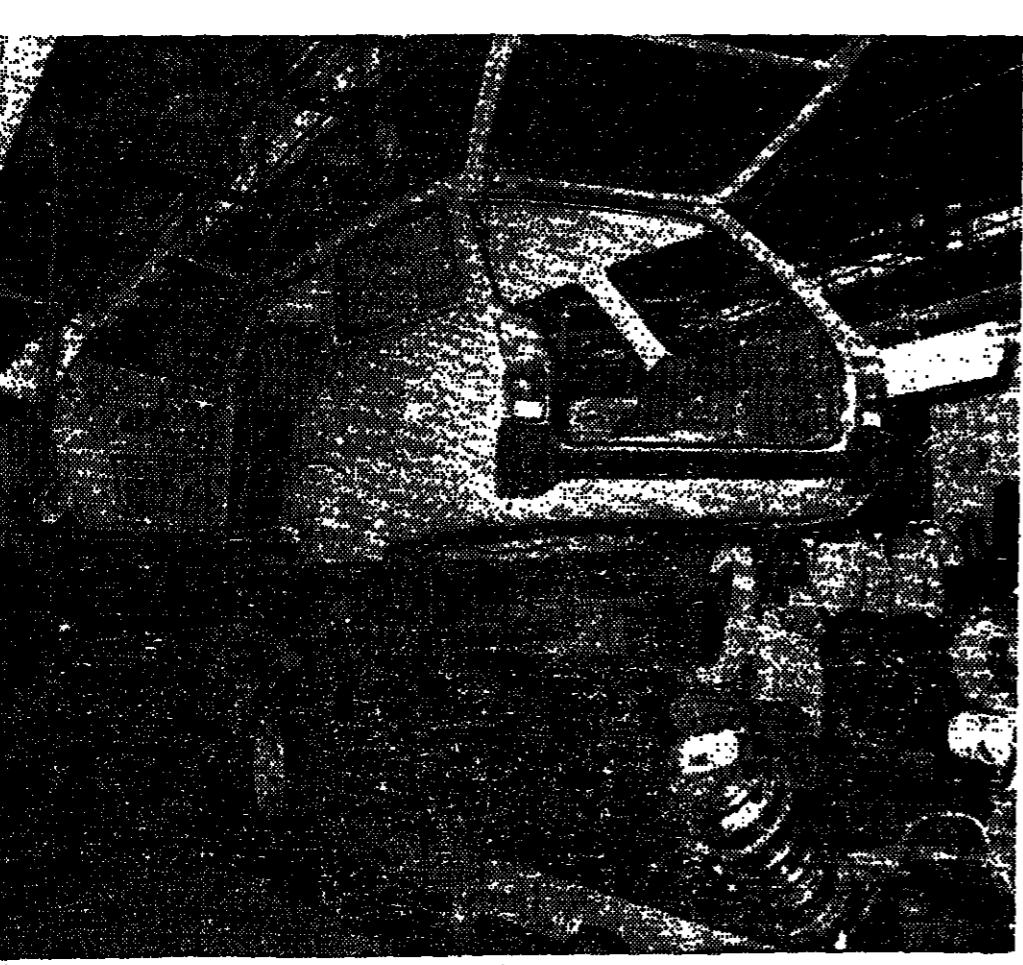
content and the quality of their human resources rather than military or economic prowess." After one year in office, the

percentage of their financial support will be given by the Nigerian Industrial Development Bank and the Nigerian Bank for Commerce and Industry which together, will benefit from the Federal Government loan of N90 million in the 1980 capital estimates.

Further information about Nigeria can be obtained from the Nigerian High Commission or Embassy or direct from the Federal Director of Information, Office of the President, Department of Information, Republic Building, Marina, Lagos, Nigeria.

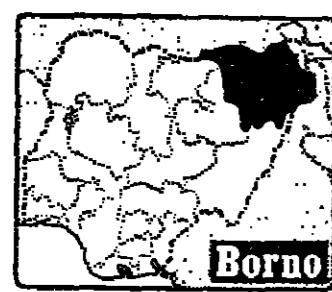
President Shehu Shagari attests to this philosophy.

Inflation is being battled and the government has resisted unreasonable demands for un-



Car assembly plant at Peugeot Automobile Nigeria Ltd.

## Government grants keep Borno afloat, old rivalries are revived in Anambra and Rivers says it gets a raw deal



IN THE jagged hills above Gwoza in the south east of Borno State, nearly 200 people died of cholera in June this year before a medical team could bring things under control. An official report on the outbreak highlighted two of the biggest problems confronting the state—the lack of clean water and the weakness of local government.

The report said the cause of the outbreak was probably contaminated water which the hill people have been known to take from stagnant ponds or inside caves. But it also makes clear that fewer people might have died if the local Government had found out earlier and had resources available to tackle the disease.

Alhaji Mohammed Goni, the state Governor, said his administration was acutely aware of both problems. Water had received a four fold increase in its capital allocation in the administration's first budget this April while N15m has been set aside for drilling boreholes and building small dams.

As for local governments, all the local government councils in the state were suspended when the new administration came to power. It would allow the Government more time to devote to the immense problems of Borno, one of the poorest and geographically the biggest state of the federation with a land area of more than 116,000 sq km.

## Poor soil

Sited in the top right-hand corner of Nigeria, it has a common border with Niger, Cameroon and Chad across Lake Chad. The poor soil, the lack of water and the gradual encroachment of the desert in the north have made the lot of the state's 85 per cent rural population an unenviable one. The demise of the groundnut crop has also deprived the state of one of its biggest agricultural export commodities.

Alhaji Shugaba be returned to Ing funds. The state blames administrative delays in Lagos for the slow arrival of funds and says that its own budget was voted through the House of Assembly in June.

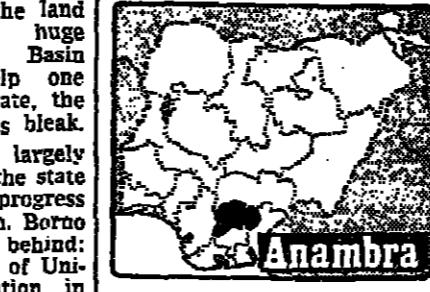
The Governor said he believed the Peace Committees would make the job of administering the state easier. It would allow the Government more time to devote to the immense problems of Borno, one of the poorest and geographically the biggest state of the federation with a land area of more than 116,000 sq km.

According to the state Finance Ministry, there is little hope of Borno being able to put much life into its own economy and it badly needs more federal help—a cry which is heard in most of the 19 states. Borno says there is little chance of attracting industry because of its geographical position, although it is trying to encourage small local industries.

If Borno was made independent tomorrow it couldn't sur-

pass the 85 per cent rural population an unenviable one. The demise of the groundnut crop has also deprived the state of one of its biggest agricultural export commodities.

Borno has no natural



## DROP THE word "dichotomy" into a conversation in Anambra State and you are likely to stir up a hornet's nest of political acrimony.

For "dichotomy" has become the shorthand catchphrase used to describe the hottest political issue facing Anambra's estimated 5m people—whether the State, which was only created four years ago, should be further subdivided into two or even more "mini-States."

Reform introduced by the military in 1977 intended that elected local governments should form an active third tier of administration. But the shortage of qualified people and the dearth of funds has all but paralysed local government in Borno, as in some other parts of the federation.

Borno's local governments were allocated N25m for the 1980 budget. If federal Government revenue allocation recommendations are accepted, this would probably double.

In the new constitution local governments are given considerably expanded functions, most of the current allocation goes on paying teachers and constructing classrooms, but the local governments are also expected to "provide and maintain health services," feeder roads, and the like—to say nothing of "naming roads and streets and disposing of refuse."

One secretary to a local government in Borno said his administration had neither the funds nor the manpower to carry out its current tasks, let alone take on more. And while funds may be a problem, the shortage of skilled manpower is a much more serious one.

M.W.

ment and dominance of the acrimonious debate in the Civil Service. The Southerners, long scornful of relative Wawa backwardness, resent the recent shift in power to the Northerners.

The result has been widespread calls for the division of the State into two: a northern bloc, which would probably be called Enugu State, and a southern one, which its supporters would like to name New Anambra.

Two other possibilities have been canvassed, though neither appears realistic: the creation of an Anambra State, linking Onitsha Ibos with those on the west bank of the Niger river in what is now Bendel State; or a State to be carved out of southern Anambra and parts of Imo.

## Headache

The issue is a major headache for Anambra's new Governor, 40-year-old former businessman Jim Nwobodo, a smooth talking, dapper man whose official biography describes him as "tall, handsome and an acknowledged pace-setter in men's fashion."

Mr. Nwobodo is a Northerner and has been accused by Southerners of discriminating against them, notably by filling senior civil service posts with his own kind. There is also resentment over the fact that he temporarily banned public meetings just when mass rallies were being planned to launch the New Anambra movement.

The Governor has tried to diffuse the issue by setting up a commission of inquiry into the creation of States but the argument reverberates on: in August Mr. Nwobodo sacked his political adviser, largely as a result of the north-south dispute.

Passions were also inflamed by the Governor's plan to turn the Institute of Technology at Enugu into a university. Northern and southern factions began to fight over both the name and location of the new institution. There was an

cassava, maize, yams and rice as their main crops.

Anambra's new Commissioner for Agriculture, Professor Denis Ekpe, is planning a two-pronged campaign to raise production. His starting point is the belief that the state's Agricultural Development Corporation has for the most part failed to produce results. One exception to this is its successful rice programme. A second rice scheme in the state is being run with World Bank assistance.

Professor Ekpe's answer is to encourage the formation of limited liability companies for large-scale agricultural production, bringing together foreign expertise, state aid and local business. An agreement was recently reached on the first of such projects—Involving a Brazilian company in the production of broiler chickens and eggs.

## Small share

The second prong of his campaign is to encourage more efficient use of communally held village land through the establishment of so-called community farms of up to 1,000 hectares. The state would provide inputs such as fertilisers and buy much of the crop.

However, the Government is still devoting only a small share of its capital budget to the agricultural sector—N11.56m this year, less than 9 per cent of the total budget. The main thrust of the capital programme is on the provision of infrastructure, with N26m set aside for land transport and nearly N15m for town and country planning.

The capital budget for the nine months of the shortened 1980 financial year is N135m, substantially up on the N98m allocated for the whole of 1979. Recurrent revenue is expected to total N236m (N202m approved in 1979-80) but of this only N29m will be raised internally. Recurrent expenditure is put at N186m with N40m left over for the capital programme.

M.D.

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Rivers state is a major oil producer, but the spin-off is unjustly small, say the state's politicians. They maintain that the state, which is criss-crossed with rivers and creeks, is more costly to develop than most and should have a greater share of oil revenue.



IF THE visitor to Port Harcourt, capital of Rivers State, expects to see an oil-boom town thriving on petroleum he will be disappointed.

Although the port itself, Nigeria's third largest, is a bustle and a new international airport was due to open this month, the general air is of a run-down, rather seedy city. Few new buildings have gone up in recent years, and a four-lane highway into Port Harcourt comes to an abrupt end at a nondescript roundabout where traffic piles up. "If this were Lagos," complains one disgruntled resident, "there would be a flyover."

State politicians believe they have been getting a raw deal for the past two decades, and in every conversation the word "derivation" invariably crops up. At the heart of it lies the argument that revenue distribution by the federal Government should take account of the source of such revenue.

Were such a principle to be accepted, Rivers State would do

very well. It accounts for about a third of Nigeria's total onshore oil production, while much of the offshore output falls within what the state would like to claim as its "territorial" waters.

The Deputy Governor, Dr. Frank Eke, argues passionately for the enormous developmental problems that the state faces. Its 28,000 sq km covers nearly three-quarters of the Niger Delta, crisscrossed by rivers and creeks, with a coastal area of dense mangrove forest. Communications are a major headache, for the nature of the terrain makes road building and maintenance especially costly. The land is also subject to flooding and erosion, clean fresh water is often hard to obtain, and the bulk of Rivers State's two million people eke out a subsistence living through agriculture and fishing.

The demands made by Rivers State (in addition to the existing formula) as set out by Dr. Eke are considerable: 10 per cent equity participation in oil companies; a "certain percentage" of marketing rights; statutory representation on the Nigerian National Petroleum Corporation Board; and a special fund, controlled by oil states, to meet the costs of compensation and rehabilitation when pollution occurs.

This last demand was given special force after a substantial oil spillage in January from a Texaco well some 70 miles west of Port Harcourt. Although the full extent of the damage from this and other, more recent spillages, is difficult to assess, it has undoubtedly ruined fishing in some stretches, poisoned the shallow water wells, and according to local press reports some villagers have died as a result.

The state Governor, Chief

Melford Okilo, angrily accused Texaco of neglect, declaring that had he the powers he would expel the company.

The oil reserves, argue local politicians, are a God-given compensation for the enormous developmental problems that the state faces. Its 28,000 sq km covers nearly three-quarters of the Niger Delta, crisscrossed by rivers and creeks, with a coastal area of dense mangrove forest. Communications are a major headache, for the nature of the terrain makes road building and maintenance especially costly. The land is also subject to flooding and erosion, clean fresh water is often hard to obtain, and the bulk of Rivers State's two million people eke out a subsistence living through agriculture and fishing.

Its recommendations, far from moving towards such demands (which would be strongly opposed by non-oil states on the ground that they would get a smaller share of the national cake) have further eroded the derivation principle. Even before the Commission's report was published, Governor Okilo had adopted a tough and angry stance. In an interview earlier this year he warned that "a condition in which there is extreme poverty in the midst of plenty has the potentials of revolution."

That is the language of a politician under pressure, and no doubt should be treated cautiously. But many would agree with the Governor when he was speaking in more measured tones at a seminar in July this year, when he described derivation as "one of the most sensitive political issues in this country." It seems certain to remain so.

M.H.

# Improving services is President's priority

"WITHOUT AN efficient communications system the economy as well as the life of this country would be paralysed," President Shehu Shagari said in his budget address last March, and promised that his Government would take "every possible measure" to put right a generally "unsatisfactory situation."

At first sight it might seem extraordinary that a country which has spent billions of Naira on the transport and communications sector should enter the eighties with most rural roads in poor shape, a railway system which until a year or so ago was totally unreliable, an inefficient airline, and an unreliable internal phone system.

As the 1975-80 Development Plan acknowledged, the sector makes one of the heaviest claims on capital develop-

ment funds. Between 1962 and 1968 it consumed a fifth of capital outlay. This rose to a third of the 1970-74 public sector capital programme, while a massive N7.3bn was allocated during the 1975-80 Plan period.

But two major events created severe problems, which were compounded by an acute shortage of trained technical manpower—which remains a serious handicap. The civil war took a severe toll of the sector and the emphasis in 1970-74 was the reconstruction of damaged roads and bridges. But this was followed by the oil-led boom of the mid-seventies and the infrastructure simply could not cope.

Among the priorities of the Third Plan were to ease the appalling traffic jams in the capital, Lagos, and set up

sound inter-state highways; to end the expensive and embarrassing congestion at Nigerian ports; to arrest the decline in the railway system; and to improve internal and international telecommunications.

Actual performance has fallen short of the targets, partly because there simply is not the technical capacity to draw up, implement and maintain projects and partly because of financial constraints following a period of falling oil revenue after 1977.

Nevertheless, much has been achieved, as the articles in this section indicate. The port congestion is a nightmare of the past and the Nigerian Ports Authority is confident it can cope with the expected increase in traffic in the years ahead.

While there are still "go-

M. H.



## N1bn dock expansion outlay keeps pace with demand

### PORTS

ENGRAVED ON the hearts of senior officials of the Nigerian Ports Authority (NPA) must surely be the year 1975. Even today they still wince when asked to recall the time when, mainly due to massive and uncoordinated orders by the Defence Ministry, some 400 ships endured a turnaround time of 180 days, forming a floating city that was costing the country N2,500 a day in demurrage charges for each cement vessel delayed beyond 10 days.

But when the Authority celebrated its 25th anniversary this month, it was able to look back with justifiable satisfaction on developments over the past few years which have left Nigeria with a port system capable of coping with the current throughput and with expansion plans well under way.

Between 1962 and 1979 over one billion Naira has gone into

rehabilitating old ports and building new facilities. Publicly owned mainline berths have quadrupled from 14 in 1960 to about 60 in 1979 and cargo handling has tripled from about 6m tonnes in 1971 to an estimated 18m tonnes (excluding petroleum oil) in 1979-80, with the prospect of handling 27-30m tonnes by 1985.

When the NPA, an autonomous public corporation, was created in 1955 only Lagos and Port Harcourt came under its control. The Authority has since assumed responsibility for the Delta and Calabar complexes as well, during a period of development which has fallen into four phases.

Under the 1962-68 National Plan, Lagos and Port Harcourt were expanded, giving extra quay length, modern warehouses and mechanised cargo-handling, as well as the installation of a floating dock with a 4,000-tonne lifting capacity which was installed in Lagos.

But the civil war, which broke out in 1967, set back progress. All ports except Lagos were closed to traffic and some of

the facilities in the east were damaged. The federal military Government empowered the NPA to take over privately owned ports—Warri from Holts Transport, Burutu from UAC Nigeria, and Calabar from five operators. The third stage, from the end of the war in 1970 until 1972, the Authority embarked on a rehabilitation programme which nevertheless left Nigerian ports unprepared for the deluge that was to come in 1975-76.

Some 9.5m tonnes then poured through the ports which had an official capacity of 4.1m. Among the short-term measures adopted by the NPA was the introduction of Ships Entry Notice (now a mere formality) designed to rationalise sailings to Nigeria, the provision of a lighterage service in Lagos harbour, the acquisition of 180 lighters to facilitate mid-stream discharge of cargoes, and the installation of additional mooring buoys.

At the same time, the Authority moved from planning to implementation of an impressive number of major pro-

jects, which include:

- Tin Can Island port, Lagos, built at a cost of N190m, with a quay length of 2,500 metres, capable of berthing 15-20 vessels at a time, and with two roll-on/roll-off (ro-ro) berths.

● Third Apapa wharf extension, Lagos, giving an additional 1,500 metres of quay including a modern container facility.

● Calabar new port, costing N83m, with a quay length of 860 metres.

● Warri Port, officially opened in June 1979, serving the Delta, central and northern parts of Nigeria, and strategically placed to service the petroleum oil companies, petro-chemical industries, the refinery at Warri, and the proposed Ajakuta steel complex as well as the new Federal Capital Territory of Abuja.

● Kiri-Kiri lighter terminal, Lagos, consisting of two terminals built at a cost of N22.2m, with total quay length of 1,700 metres.

● Ikorodu lighter terminal, also at Lagos, with a quay length of 1,100 metres and costing N20m.

● Onne lighter terminal, Port Harcourt, N19m, which will provide discharge facilities for building materials for the new Onne Ocean Terminal. The N130m Onne project, on which construction has begun, will cater for the coke-coal and iron ore needs of the Ajakuta mill.

● Tarkwa Bay, where work is under way on a N22m tanker jetty project, in conjunction with the Nigerian Petroleum Corporation, while a N10m expansion has been completed at Okrika jetty.

The oil facilities enabled Nigerian ports to handle 102.4m tonnes of crude and 1.3m tonnes of refined oil in 1978-79.

Meanwhile, general cargo levels are beginning to pick up, though most ports still have spare capacity. The congestion

of 1975-76 was followed by a sharp fall in traffic as a result of import restrictions imposed by the military Government.

In January last year the administration introduced the Comprehensive Import Supervision Scheme, commonly known as Form M, which was designed

both to end false invoicing and to conserve foreign exchange.

The result was a continuing slump in traffic, but for the past few months activity has been on the increase.

In the budget of March this year the scheme was modified, and industrial raw materials and spare parts were exempted from pre-shipment inspection, and these and other goods are

starting to flow in. Thus in April this year the 589,000 tonnes brought in through Lagos represented a 56 per

cent increase on the same month last year.

Although the Fourth National Development Plan 1981-85 has yet to be published, the Government's Guidelines indicate that more attention

will be given to a neglected

section of the Nigerian trans-

port system—the inland water-

ways.

The system consists of the Niger, Benue and Cross Rivers, and a network of creeks along the coast. In the early 1960s over 300,000 tonnes of cargo

were moved along these routes

but traffic came to a halt during the civil war and it has never recovered.

The target under the Plan

Guidelines is to reach round

trip navigation of the rivers

throughout the year, though

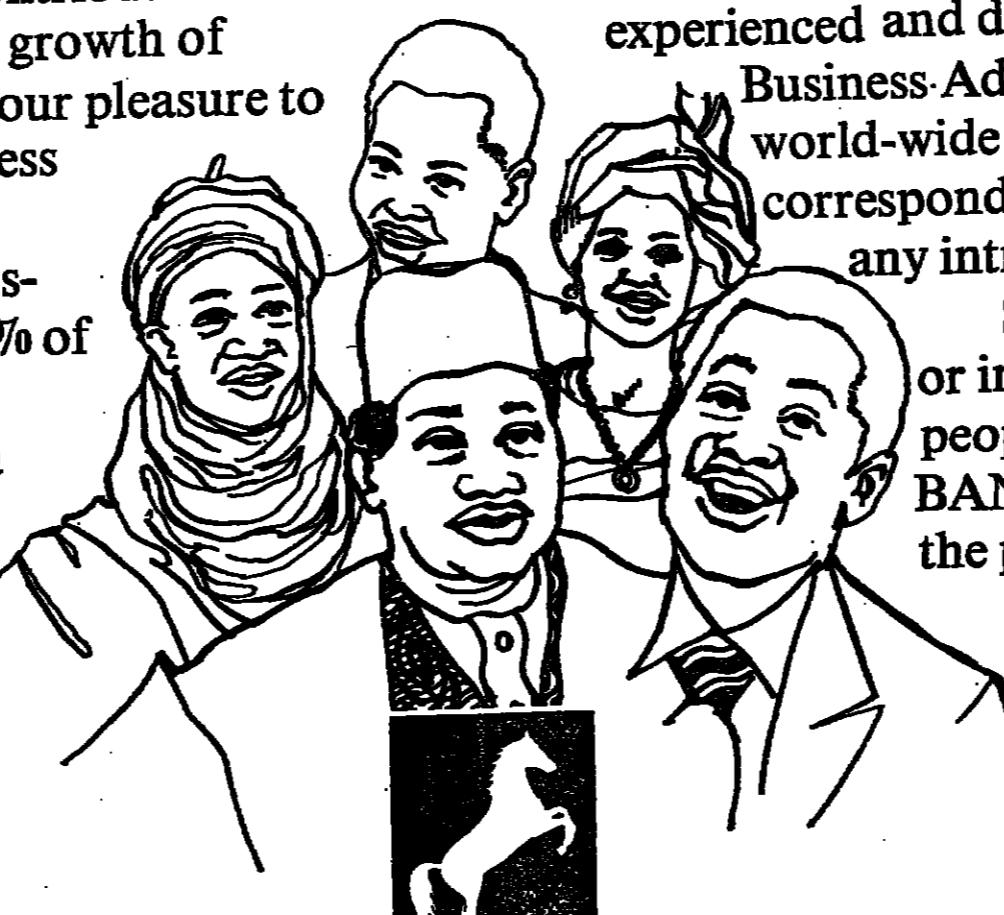
most officials believe that the

M. H.

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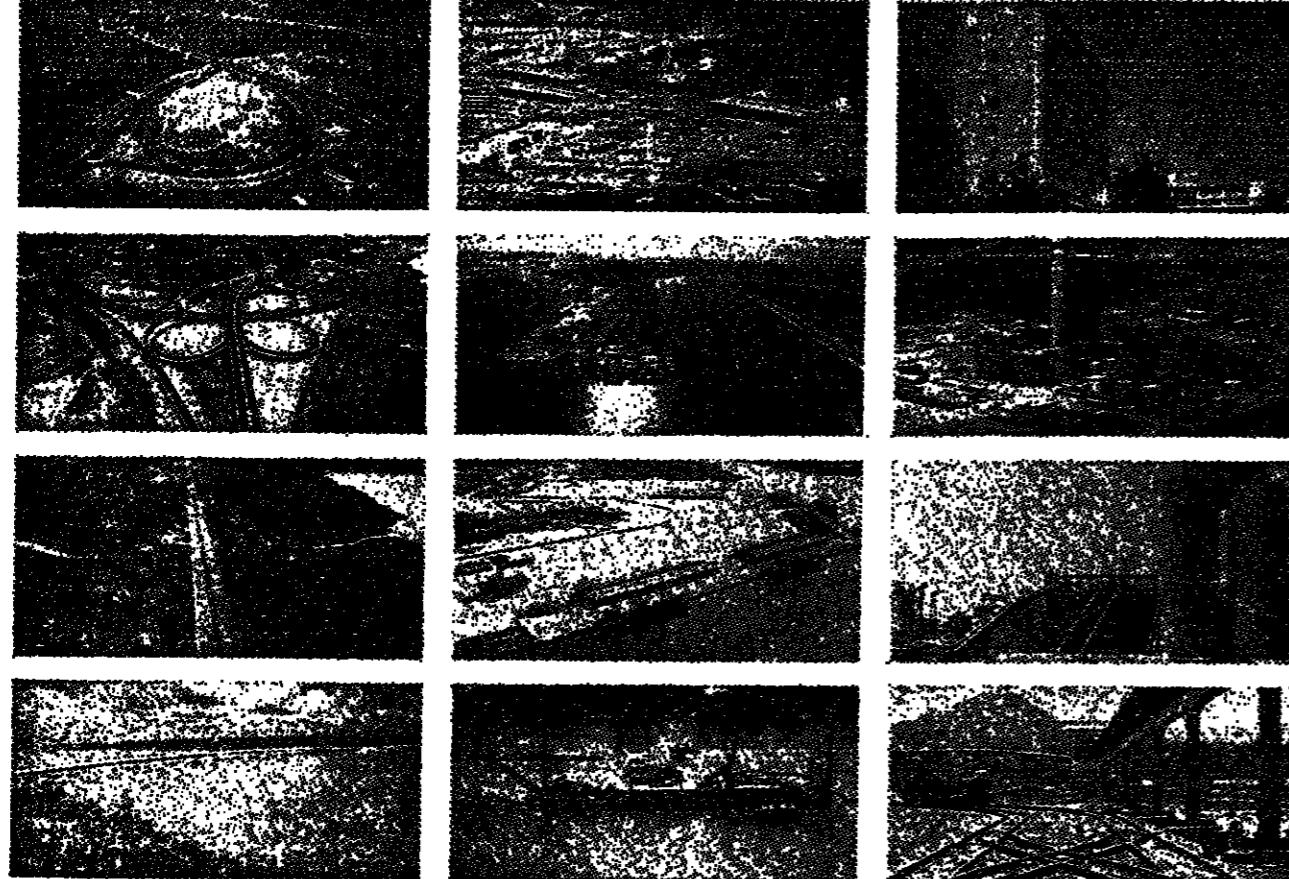
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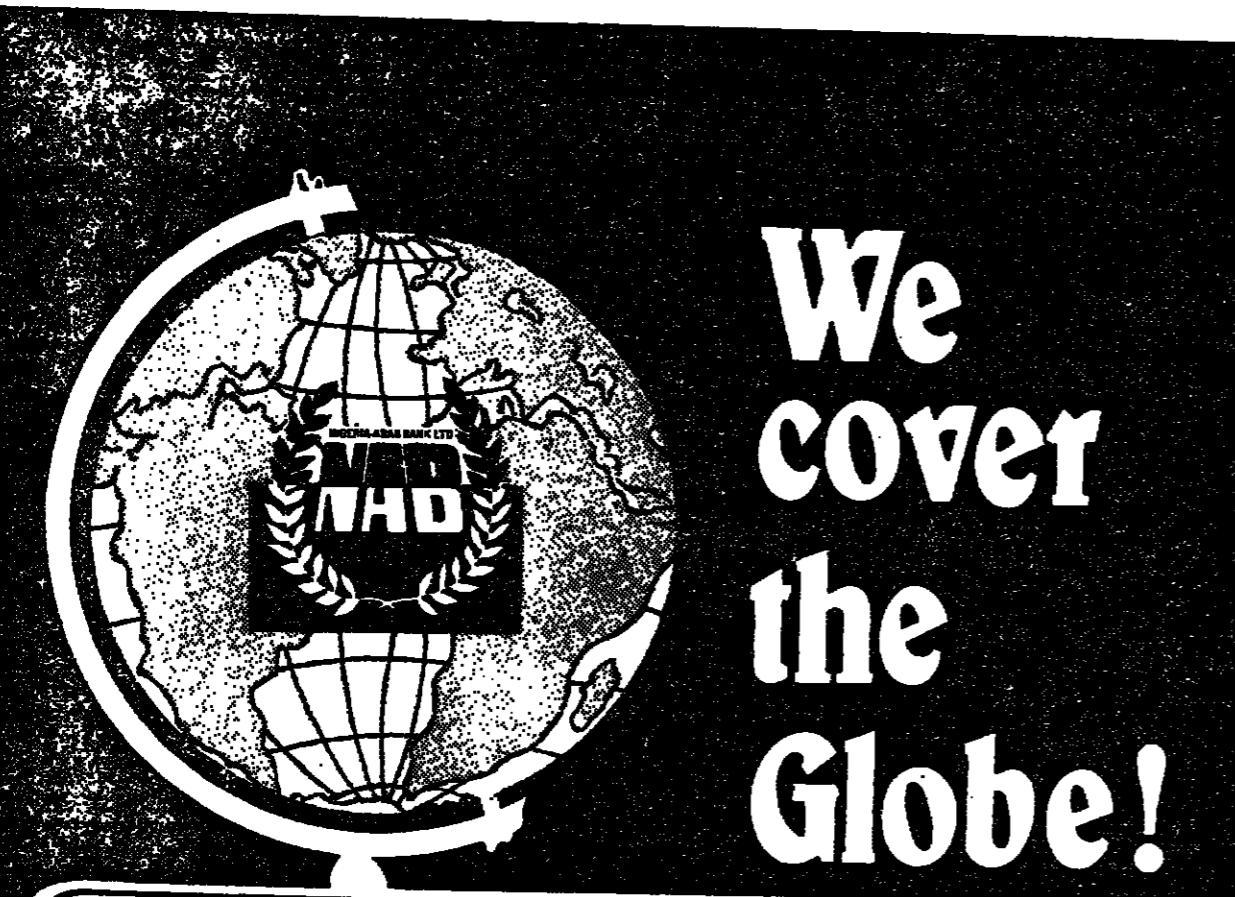
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## NIGERIA XXXVIII

# Highways good—as far as they go

### ROADS

**SWEEPING OVER** the flyovers of Lagos and speeding down the expressway to Ibadan are deceptive experiences. True, the worst of the congestion in the capital is over-thought traffic jams and "go-slow" as they are known locally—are still frequent, with cars and lorries tending to pile up at exits and entries. And a determined—or foolhardy—motorist can reach Ibadan in little over an hour.

But despite the massive investments over the years which have brought such spectacular results in and around Lagos in particular, the road network still leaves a great deal to be desired.

Maintenance work is not keeping pace with the impact of weather and the pounding that comes from thousands of over-loaded lorries, while in the countryside the poor state of rural feeder roads have been described as one of the most serious constraints to agricultural development in Nigeria.

The highway system falls into three categories. Trunk roads maintained by the federal Government link the states and are the routes to neighbouring states. The 19 states themselves are responsible for the roads running between the main towns, and the local government authorities take charge of roads which are mainly in the rural areas.

During the Third National Development Plan, which runs out this year the road system took up about three quarters of investment in transport. As the railway system declined (for reasons explained in the article on the Nigerian Railways Corporation) and roads improved,

the percentage of goods carried by road rose from about 77 per cent in 1970 to over 90 per cent by 1978.

And although some 17,000 km of the 29,000 km Federal trunk road system is paved, the remainder is gravel or earth, many sections of which have deteriorated and are open only in the dry season. Of the 26,000 km of state roads, few stretches are paved and most routes are in poor condition, while the 43,000 km falling under the responsibility of local authorities—and which have to be used by farmers if they are going to get their crops to

market—are generally no better than ill-maintained earth tracks.

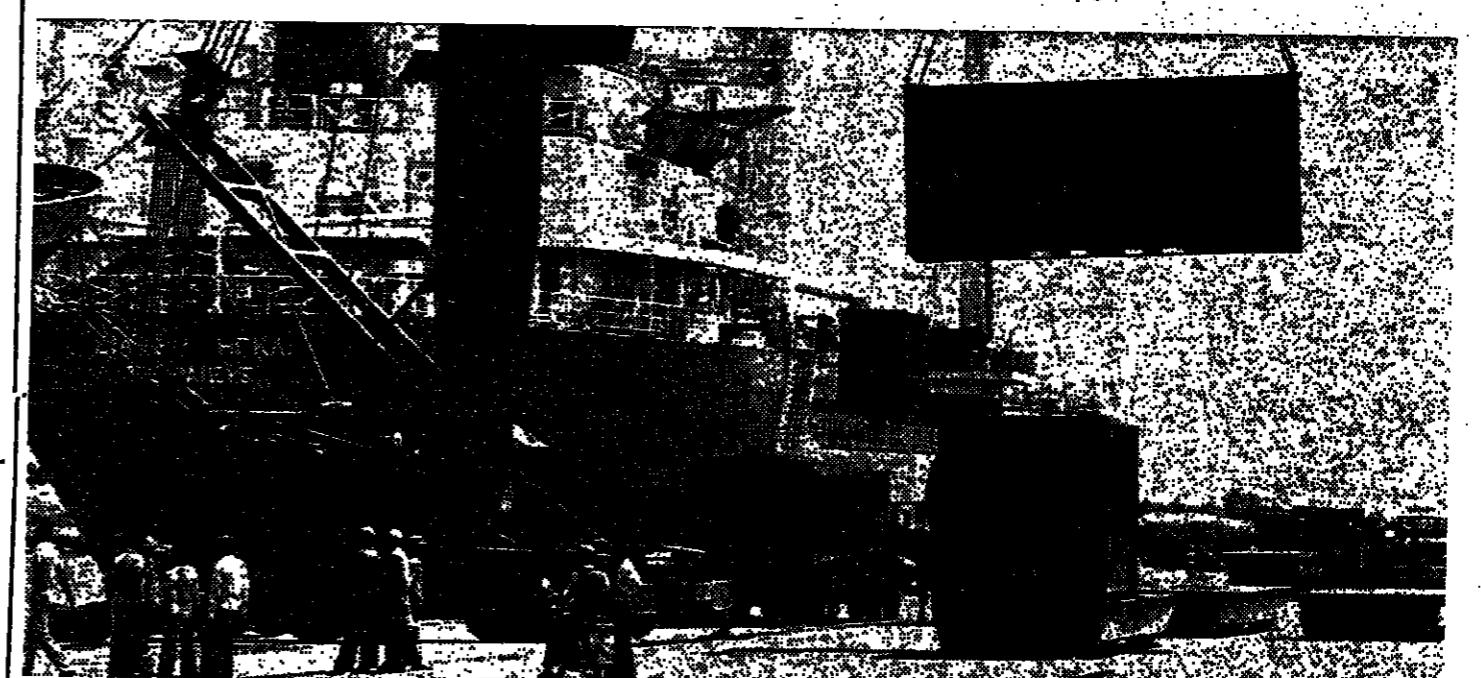
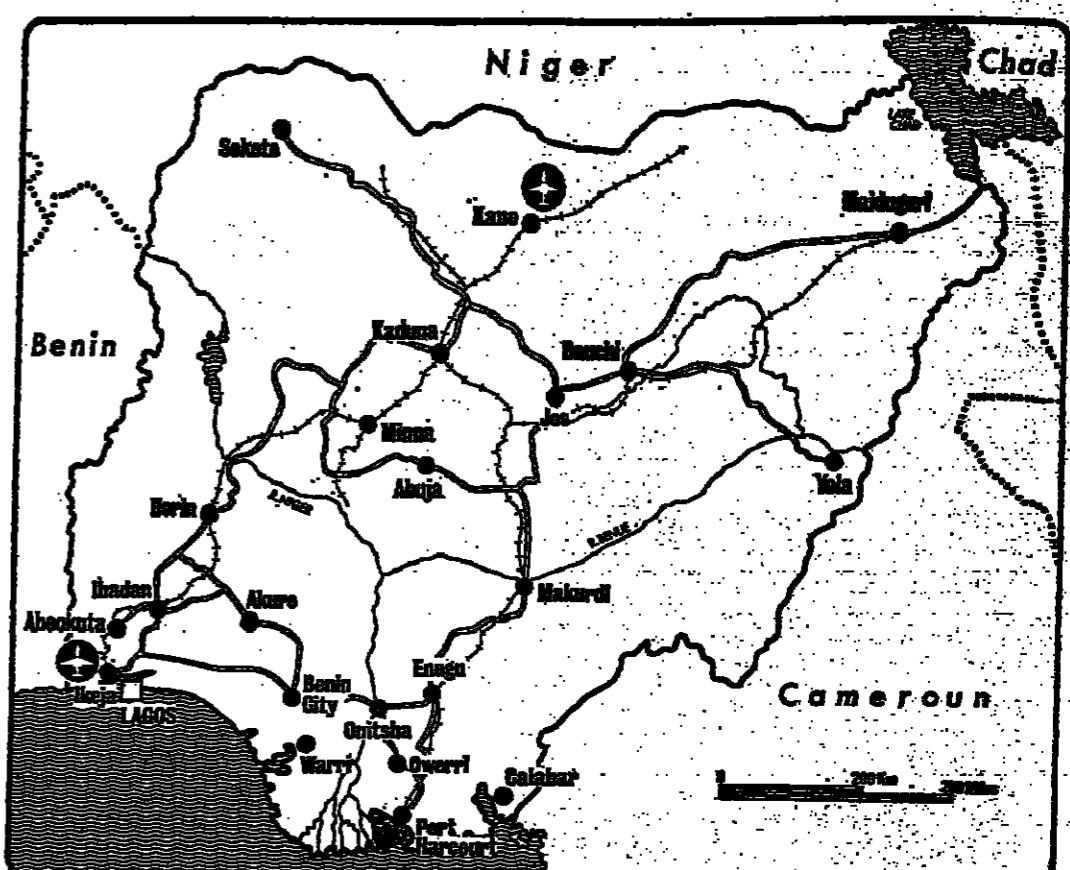
The main problem faced is increasingly heavy traffic, both in volume and weight, on roads which for the most part were not designed to cope with it. The national fleet is estimated to have increased at an average annual rate of 33 per cent between 1973 and 1978 to about 550,000 vehicles.

Lorries plying their trade from the main ports at Lagos and Port Harcourt, travelling upcountry, are invariably over-loaded, carrying loads up to twice the maximum allowed. Weighbridges are now being

installed on the most heavily used sections but they will have to be carefully maintained and monitored if they are to have any effect.

Work continues on the routes which will link Nigeria with trans-continental routes. The Nigerian section of the Trans-Saharan highway, running from Lagos to Birnin Konni in Niger will soon be completed. It is part of the projected Trans-African highway which will eventually run from Algiers to Lagos and eastwards through Cameroon and across Africa to the Kenya port of Mombasa.

M. H.



## Second feather in the railways' cap

### CONTAINERS

TOWARDS THE end of last month a single container made a trail-blazing journey. In 10 days it made the return trip Apapa Port, Lagos to the northern city of Kano where the contents were unpacked.

The journey—which should be reduced to eight days—marked the formal opening of Inland Containers (Nigeria) Limited (ICNL) service to its recently built depot at Kano, served by a private railway siding. It marked the successful culmination of joint efforts by ICNL, the Nigerian Railway Corporation (NRC) and the Container Terminal Company (CTC) at Apapa, which is managed on behalf of the Nigerian Ports Authority (NPA).

ICNL itself is a joint venture between the National Insurance Corporation of Nigeria (NICON) and Ocean Transport and Trading Limited of Liverpool. The depot is built on 14 acres of NRC land in the centre of Kano, with a further 14 acres set aside for expansion, and an initial capacity of 2,000 TEU movements a month.

One of the great advantages of the Kano service is that it receives the sealed containers under bond, and customs inspection takes place not at the docks but at the depot. Further, as ICNL managing director Aidan Bristow points out: "Conventional cargo is usually handled at least 10 times between leaving the production line and landing at Apapa quay, and many more times before finally reaching the consignee. Average losses due to damage and pilferage run at 10 per cent. Goods packed in a container are handled twice—once in and once out."

For NRC, battling to recover traffic lost to lorries in the mid-sixties, it is a second feather in its cap. The first chance for Nigerian Railways to prove that it was capable of handling container traffic came in 1979.

The budget that year brought in a regulation declaring that companies would have to discontinue airfreighting goods and raw materials unless they could show there was no feasible

alternative. The company most affected was Peugeot, which at the time was chartering 20 UTA Boeing 707s a week from Lyons to Kano carrying CKD packages for their assembly plant in Kaduna, which turns out 170 vehicles a day.

The ramifications were considerable and the Government's decision was badly received. The route accounted for about 15 per cent of UTA freight receipts, and the bulk of freight traffic at Lyons-Satolas was devoted to the 1,000 tonne-a-week Peugeot airfreight. The French car company argued that it was the only reliable form of delivery.

But the NRC, by then under the management of Rail India Technical and Economic Services (Rites), and the NPA proved well able to cope. The first container shipments began in October 1979 with the movement of the Peugeot CKD parts in 20 foot containers from Apapa to the Peugeot factory siding at Kaduna. Today NRC delivers more than 50 containers a day.

Containerisation in Nigeria has come a long way since 1963 when the first substantial container vessel landed just over 1,000 tonnes of general cargo at Apapa, where from an improvised container berth the shipment was taken in trailers to the Lily Pond depot at Igammu.

Today out of a total quay length of 1,600 metres, built as part of the Third Apapa Wharf extension project, nearly two-thirds is designed for container traffic with a double end roll-on roll-off berth. It can handle annually 320,000 TEU containers with about 4m tonnes of cargo. Lily Pond now provides over 103,000 square metres of stacking area and the operation is handled by the Container Terminal Company. Its five-year contract with the Ports Authority runs out in October this year and is under renegotiation.

The Kano and Kaduna operations, however, are atypical even though they provide encouraging examples. The bulk of the container cargo is unloaded in Lagos on to lorries, and NTC has yet to make significant inroads into this traffic. A further problem is that most of the containers return empty, reflecting the dependence of the economy on oil for foreign exchange earnings.

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## NIGERIA XXXIX

## COMMUNICATIONS

**THE SWEATY**, jostling stampede began even before the Nigeria Airways Boeing 737 from Lagos touched down. Nearly 200 hopeful passengers competing for 136 seats had taken up their starting positions crammed around the exit of the small Port Harcourt terminal, spilling out onto the verandah. As the jet dipped down to land, the crowd moved as one, led by experienced travellers who had a shrewd idea of where it would come to rest.

Under the glare of flood-lights, oil gas flares flickering

on the horizon, rain drifting down, we pelted across the tarmac as fast as hand baggage would allow. But the real test was yet to come. As the gangway was rolled into position the throng pressed around its foot, some surging up the steps even before it reached the side of the plane, others clambering up the side. Would-be boarders were repelled by the airline stewards by a combination of brute strength and persuasion: clearly until passengers had disembarked, we could not get on.

Crushed against the side of the gangway, I was unable to move. Efforts to extricate myself provoked angry noises from fellow passengers who suspected that I was manoeuvring myself into a better position from which to make the final assault on the steps by the Arsenal crowd at Highbury without my feet touching the ground or a 100,000 strong political rally in Zimbabwe was quite so alarming.

Nevertheless, I made it,

propelled into the cabin like a cork from a bottle, dazed and battered. The plane filled rapidly. From outside came muffled, angry noises of unsuccessful travellers. Through the cabin windows we lucky ones watched them trudge disconsolately through the rain, back to the terminal building.

The outward journey had been tolerable. True, the 0815 from Lagos to Port Harcourt was cancelled, but assurances that the next flight would leave at 1100 proved correct. Nor was the journey across the tarmac so

harrowing. The leisurely first steps changed first to a brisk walk. Then somebody's nerve snapped under the strain of wondering whether the plane was overbooked. He started jogging. We all jogged, and covered the last 30 yards at a brisk trot.

That experience did not prepare me for the return journey.

News that the 1725 Port Harcourt-Lagos flight had been cancelled was chalked up on the departure board when I arrived mid-afternoon.

One flight had already been cancelled. The next—and last—flight to Lagos was due to leave at 1930. At 20.00 passengers were asked to check in. The chaotic scramble was admirably resolved. The duty official took out his megaphone and began calling out the boarding list.

Travellers greeted the announcement of their names with the enthusiasm of successful ticket holders in a lottery. Lucky ones laughed with relief and delight, had their backs slapped by friends

and relations who had come to see them off. The rest looked on enviously and anxiously, ears cocked for the next name.

The terminal settled down to wait. Those without boarding cards appeared undeterred. They would make a dash for the plane anyway. The kiosk ran out of Star beers. Fans revolved above in the warm humid air. Outside the rain beat down. Passengers wandered through the ticket office, behind the counter, buttonholing officials,

putting their heads round the door of the radio room. No news from Lagos. Taxi drivers looked cheerful.

At 2145 the address system clicked. "The plane from Lagos will land at 10 o'clock." The crowd came to life: we landed at Lagos shortly before midnight.

So businessmen be warned. If it is essential that you keep your 1030 appointment in Kano and be back in Lagos that evening, seriously consider a charter flight.

M. H.



The Murtala Muhammed International Airport, Lagos, was opened last year. Although it is still wise to check-in two hours before departure, passengers now wait in air-conditioned comfort

## Dialling the world

### PHONES

MUCH TO the relief of the business community, international phone and telex links are getting better all the time. Which is some compensation for the erratic Lagos phone system, the difficulties of getting through to state capitals, and an unreliable postal service.

It is now possible to dial direct to a host of capitals and business centres throughout the world, including London and other British cities. External communications have come a long way since September 4, 1980 when the African Direct Telegraph Company Limited provided the first public tele-

graph service linking Lagos to the outside world. In those days a cable en route to London would well be handled by three different companies—Africa Direct, the Brazilian Submarine Telegraph, and the Eastern Telegraph Company.

But in 1979 these were merged under what was to become Cable and Wireless, which operated Nigeria's external telecommunications until December 1982 when the Government formed Nigerian External Telecommunications (NET). Today the company is housed in the splendid N30m, 37-storey NECOM House opened in January 1979 and offering from its upper floors a breath-taking view of Lagos.

NET provides a wide range of services—private leased circuits, facsimile facilities, transmission and reception of real

time television programmes via satellite and telex and telegram links. Exetelcom's intention is to provide the equipment and expertise which will not only link Nigeria with the outside world but will make it the major communications centre for West Africa.

As is so often the case in developing countries one of the biggest obstacles is a shortage of technicians and skilled manpower. Nevertheless, much has been achieved over the past few years. The number of Lagos-London circuits has increased threefold since 1978 to 120; circuits to Frankfurt will soon double to 16, while the capacity of other European and North American routes is steadily expanding.

Submarine traffic is also increasing. The West African cable project was completed in July 1980 and is now carrying calls to Abidjan, Dakar and Paris, and though not in operation a link-up with Ghana, Liberia, Sierra Leone and Mali is technically feasible.

A major project that lies ahead is the earth satellite station at Kaduna, and work is expected to start before the end of the year. A second important development, which should take place in the next 12 months, is the opening of circuits to Kenya. The hope is that this will lead to improved services with East Africa as a whole, for Zambia, Zimbabwe, Uganda, and Ethiopia will be able to route their calls to Lagos via Kenya.

### Trifling

These and other developments have not been without snags. Telex machines are frequently cut off, and if the direct lines are busy, it can take a long time to rouse the international operator. But these are trifling complaints compared with internal phone links, which are the responsibility of the Department of Posts and Telecommunications.

The current programme under the Third National Development Plan has fallen woefully short of the target of over 750,000 lines by the end of the year. Some 12,000 additional lines were installed between 1974 and 1978, bringing the total to about 78,000. The targets were 23,000 new lines by mid-1979, 101,000 by the end of January 1980 and 50,000 by mid-1979, bringing the overall total by early 1981 to about 188,000. Even this is now regarded as an unrealistic figure.

Apart from the desperate need for trained staff, many of the existing exchanges are obsolete, the cables are old, and the result is frequent breakdowns which create a major stumbling block to business efficiency.

As for the postal services, "there is much to be desired with respect to speed, coverage and reliability," as the Plan Guidelines tactfully puts it. The reasons add up to a postman's nightmare: "... rapidly growing but largely unplanned urban centres... up-to-date maps are unavailable; streets are often unnamed and where named these are not registered with the authorities and house numbering where they exist are often left to the whims of individuals," ruefully notes the Guidelines.

However, mail destined for abroad fares rather better, provided it is posted at the main offices in the larger centres. But a businessman wanting to get documents to London or elsewhere would be well advised to use one of the many air-freight services.

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### FASTEN YOUR SEAT BELTS—IT'S BOUND TO BE A BUMPY RIDE

COMMUNICATIONS

### NIGERIA AIRWAYS

THE MAN responsible for the running of an airline that has long been the target for attack from Nigerians and expatriates alike wears an air of long suffering patience. Mr. Jan Smit heads the KLM management team which, somewhat to its surprise, learned in July last year that it had been awarded a two-year contract to put Nigerian Airways to rights.

The surprise was due to the fact that the Dutch airline was under the impression that the terms of the contract were still under negotiation. Nevertheless, 18 KLM officials—due to rise to 30—formally took over at the end of September last year a chronically inefficient service which had not shown a profit for several years (accounts are still two years behind) and was notorious for over-booking, delayed and cancelled flights, and poor staff service.

As is so often the case in developing countries one of the biggest obstacles is a shortage of technicians and skilled manpower. Nevertheless, much has been achieved over the past few years. The number of Lagos-London circuits has increased threefold since 1978 to 120; circuits to Frankfurt will soon double to 16, while the capacity of other European and North American routes is steadily expanding.

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In essence their brief is to revamp the management and train Nigerian staff, but it is a demanding task which has not been made easier by an unclear relationship with the outgoing board and lengthy delays in obtaining urgently needed funds.

Nevertheless, Mr. Smit, now Nigerian Airways' general manager, answers travellers' tales from Port Harcourt with an impressive array of statistics which suggest that services have improved—though he acknowledged that cancellations and delays in recent weeks have been running much higher than usual because of maintenance work on four Fokker 28s in the fleet.

Figures comparing the second quarter of this year with the same period in 1979 (when Nigerian Airways were under the former management) show that, while using the same number of planes, domestic flights increased 29 per cent, passengers carried were up 40 per cent, and delays were reduced to an average of 40 minutes—down 42 per cent.

International service (which includes nine flights a week to London and a weekly non-stop

Lagos-New York run) also improved over the same period, with 11 per cent more flights, 25 per cent more passengers, and average delay falling from 98 minutes to under an hour. But Nigerian Airways still cannot win. As Mr. Smit wryly notes, passengers who used to build the usual delay into their calculations about when to leave the house have turned up at the airport to find that their plane has left on time—and then have the exasperation to complain to airline staff.

He also points out that Nigerian Airways is victim of the very factors that have contributed to the massive rise in internal air travel over the past few years—poor communications. Many passengers are going by air because letters take ages to arrive, roads are hazardous, it is easier to phone London from Lagos than speak to a business colleague in Kano, telex links sometimes break down, and until recently the train service was unreliable and painfully slow.

Meanwhile, the new management is rationalising the 27 strong fleet it inherited, made up of two DC 10s, three Boeing 707s, two Boeing 727s, two Boeing 737s, eight Fokker 28s and eight Fokker 27s, with a further two Boeing 737s on lease. Four of the Fokker 27s have been sold and the rest will go next year. The intention is to reduce the number of different planes to a maximum of four by 1984, which will reduce maintenance and training costs.

New short and medium-range aircraft have been ordered. Four Boeing 737s costing about N22m are to be delivered between August and November 1982, and a proposal to buy four Air Bus Model A 310s for delivery in 1983 and 1984 is under consideration.

For the international traveller, the opening last year of the Murtala Muhammed Airport at Ikeja, Lagos, has ended the nightmare experience of arriving at the old cramped, ill-equipped terminal. Although it is still advisable to check in two hours before departure, one queues in an air-conditioned building with clean toilets, restaurants and snack-bars, and all but free of the aggressive touts posing as porters who conned many a previous visitor out of his suitcase.

Sokoto International Airport opened in January, and the new

M. H.

## NIGERIA

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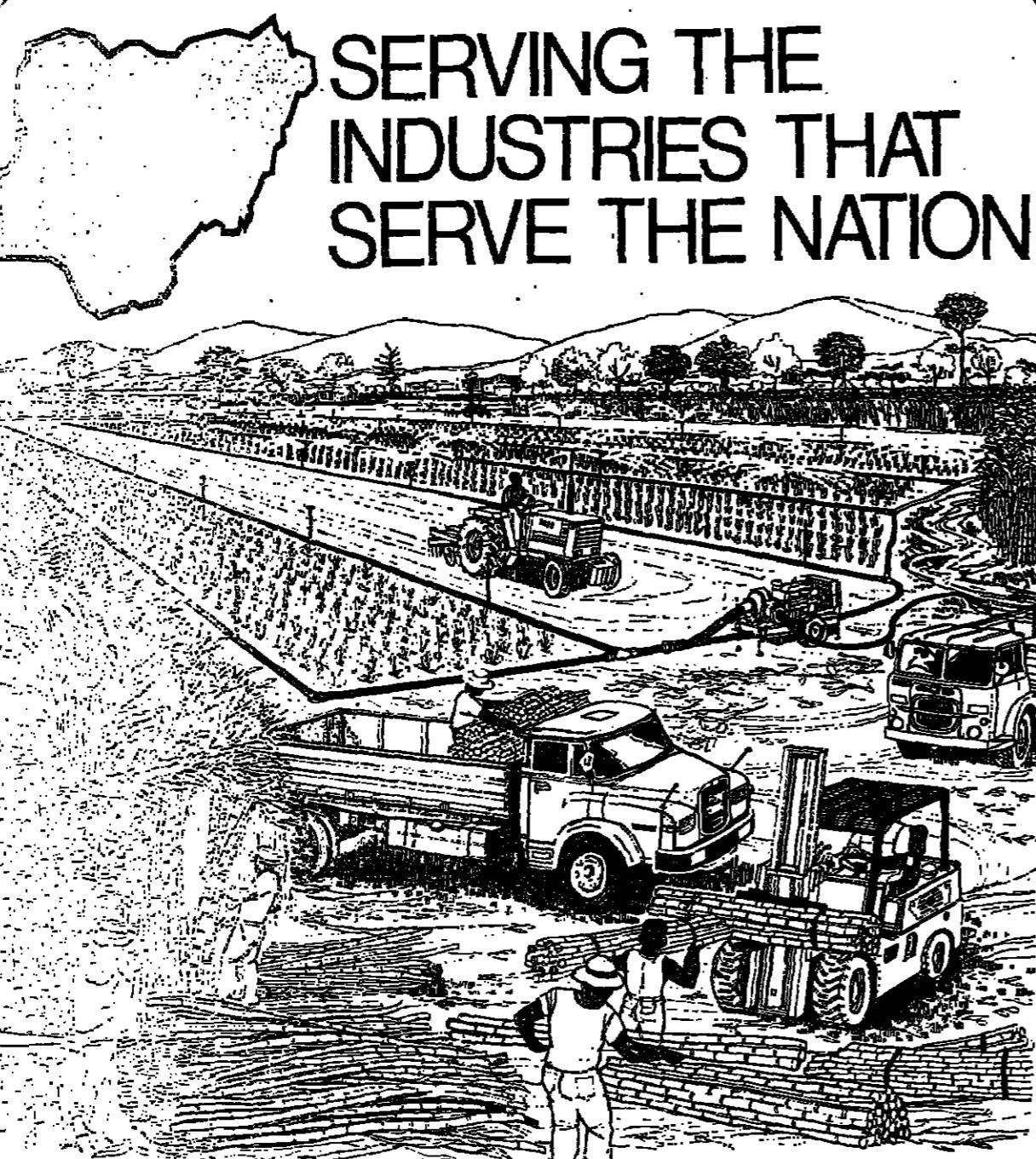
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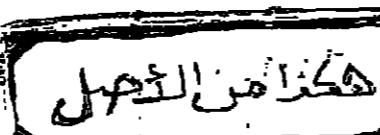
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#### AIR-CONDITIONED COMFORT ON THE KANO 'EXPRESS'

AFRICA PROVIDES some memorable train journeys: Dar es Salaam to Kapiri Mposhi on the Tansania-Zambia Railway, the luxurious Blue Train from Johannesburg to Cape Town, and the overnight journeys from Nairobi to Mombasa and Bulawayo to Victoria Falls. Rail buffs should add the three weekly sleeper service on the Lagos-Kano route to this list.

And it's no ordinary sleeper. For a start, it is air-conditioned, and stepping from the clammy heat of the

coast into the cool of the Japanese built carriage is a miraculous experience in itself.

Meals are served in the spacious compartment—which has a cubicle containing toilet, hand basin and clothes cupboard, while a shower room is half-way down the carriage. Bedding is provided, and the carriage attendant lays out fresh towel and soap.

The Nigerian constitution may owe much to the United States, but English breakfasts on Nigerian Railways have survived: fruit juice, eggs to

order (including savoury omelette), baked beans, bacon, sausages, toast and marmalade, tea or coffee. A Harp beer or a bottle of nicely chilled Mateus Rose can accompany lunch and dinner.

The courses may take a while to come—and sometimes in the wrong order—but they are produced with good cheer by men who work out of a hot and cramped galley.

Perhaps the term "Express" is somewhat misleading, for the 700 miles takes some 31 hours, pulling into Kano at

six the next evening. But one can cut hours of the journey by boarding at Ibadan (an hour and a half from Lagos by car) shortly before five in the afternoon.

Go prepared with books, a cassette player, something to nibble (any companion found the curried beef rather tough), bargains with scores of traders at every station, and watch the countryside change from the lush coastal forest to rolling, more open countryside as you ride in comfort through the heart of Nigeria.

M. H.

## Trains now run to a timetable

WITH A flourish, Mr. Darba Harriram produced the Nigerian Railway Corporation (NRC) 1980 timetable. For the past 10 years no such guide has existed—an indication of the run-down state the 3,505km network had reached when Mr. Harriram and his colleagues from the Rail India Technical and Economic Services (Rites) took over in January last year.

Today the traveller can leave home to catch the 19.08 from Anchia to Zaria reasonably confident that it will leave on time and will arrive as scheduled at 21.00. For Peugeot's 170 vehicles a day assembly plant at Kaduna, 900km inland from Lagos, it means reliable daily delivery of 50 containers holding CKD kits which until last year were air-freighted from Lyons in France.

Although Rites (an Indian Government-owned consultancy) assumed responsibility in January, accommodation problems delayed the arrival of their full complement of 36 members of the management team and a task force of about 400 technicians until August, 1979.

Their first task—having been forewarned by an advance study group—was to sort out the chaos at the loco and repair sheds at the headquarters at Ebute Metta, on the outskirts of Lagos. Some 250 wagons were discovered, uncategorised, loaded with packing cases containing some N12m worth of spares and equipment. "It was like finding a gold mine," exclaims the enthusiastic Mr. Harriram, pointing out that the delay between seeking Government approval for orders of spares and their arrival can be between 12 and 18 months.

"The formula has been

making use of what we found,

improvising where necessary,

and restoring the railwaymen's

pride in their jobs," says Mr. Harriram, who is full of praise for his Nigerian staff but leaves the previous management's record to speak for itself.

Rites took over a system which consists of two main lines: in the west, from Lagos to the northern city of Kano; in the east, a line running from Port Harcourt to Maiduguri in the far north-east. The two routes are connected west-by-line running east-west from Kafanchan to Kaduna.

Originally built to carry the export crops from the north the system declined in the mid-1960s. The take-off in oil development coincided with falling agricultural output (partly due to a series of droughts). Soaring imports and falling exports disrupted the pattern of the past, and before the NRC was able to adjust, the civil war broke out in 1967. The eastern line was especially hard hit with locomotives and rolling stock destroyed or lost, communications disrupted and maintenance almost non-existent.

Meanwhile post-independence development plans had stressed highway construction at the expense of an aging, narrow-gauge railway. Inevitably traffic was diverted to lorries, and the management of the NRC steadily declined. By the time the federal Government handed the problem over to Rites, only 97 out of a total fleet of 219 main line diesel locomotives were working. Of some 7,000 wagons, only 3,300 were serviceable, while a third of the 650 passenger coaches were unusable.

Equally serious was the state of the track, with some 600km of rotten timber sleepers, a major cause of the frequent derailments. By the end of 1978, performance was at an all-time low. The improvement has been

remarkable. Rolling stock stood at 163 locomotives, 5,000 wagons and 500 coaches by March 1980.

About 320,000 steel sleepers were in place, completing the rehabilitation of nearly 500km of the worst sections of the track. Days lost through accidents have fallen from 120 days a year to 20 over the past 12 months. Wagon turn-round has been cut from 35-40 days to two weeks.

The result is that passengers and industry are beginning to trust a service which had been a byword for inefficiency.

Travellers per month have risen from 400,000 in January 1979 to over 1m a month by mid-1980. Freight traffic has gone up from 65 wagons a day to over 200 in the same period.

With such statistics to back them up, the NRC has launched a vigorous campaign to win business, pointing out that a tonne of fertiliser, for example, works out at N15 a tonne transport costs for a 700km journey compared to N65 by lorry. The results of the campaign are showing up on the balance sheet: by May 1980 monthly earnings reached N5.3m, nearly double the January 1979 level.

The Corporation has now drawn up a programme for the Fourth Development Plan 1981-85, envisaging an investment of some N900m and forecasting a rise in freight traffic from 1.35m tonnes in 1980 to 5.5m tonnes in 1985—an average daily loading of some 500 wagons. Passenger traffic is expected to rise to about 30m a year. These increases—an continually improving management—should see the operating ratio fall from the alarming 223 per cent in 1979-80 (i.e. N223 were spent for every N100 earned) to 125 per cent, say NRC officials.

To cope with the extra demands, NRC plans to buy 180 main line diesel locomotives, 20 diesel shunting locomotives, 4,600 wagons and 832 passenger coaches.

Should the programme targets be met, the NRC would be in a position to cope with the hoped-for increase in agricultural exports, an increased volume of container traffic to the north, a greater proportion of bulk traffic such as fertiliser and cement, and raw materials for projects such as the Ajakuta steel mill.

M. H.

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## Not the easiest country

**NIGERIA** IS not the easiest country in which to do business. The climate, the traffic, the power-cuts, the lifts that either do not work or for which there are long queues, the telephone system, the complex regulations affecting foreign investment, foreign

visitors and the employment of expatriates, the paucity of reliable and up-to-date economic and commercial information and, above all, the snail-pace process of official decision-making—all these add up to a formidable list of difficulties.

In this section of the Survey, we list some of the information which the visiting foreign businessman and potential investor will find helpful in surmounting the problems that he will encounter in Nigeria. While every effort has been made to ensure that the information is correct, changes to telephone numbers and hotel and car-hire tariffs make it impossible to guarantee complete accuracy.

### FOR THE VISITOR

Hire a car and driver. This may cost up to N300 a week but is well worth it in terms of convenience and avoidance of stress. The alternatives are to drive your own hire-car but the likelihood of an accident and the difficulty of parking rule it out. Taxis are dirty and the drivers endless haggling and inevitable dissatisfaction at the result are wearing. In a tropical country with a vigorous and complicated economy, the newcomer has enough problems to deal with.

Allow lots of time for making telephone calls, especially from hotel switchboards which are slow and unreliable. A call may go through in seconds but on other occasions you may have to phone back the operator after pacing your room for 30

minutes only to find that she has forgotten about you or claims the line was busy.

Stock up on safe food in supermarkets. Hotel room service is unreliable and the restaurants tend to put on only full meals served at a most stately pace. Having a supply of chocolate bars, biscuits and mineral water (see article on difficult of buying minerals) can stave off hunger and the frustration of not otherwise being able to satisfy it quickly.

Dress for the most part in ordinary, if light, European clothes. This may result in being warm in the natural environment but will prevent chills when you are in heavily air-cooled rooms, which tends to be most of the time.

### FOR THE IMMIGRANT

Observation of, and discussion with, Europeans on extended assignment in Nigeria reveals that the most important factor in survival is being able to insulate yourself from the Nigerian environment. While this may sound racist, it is simply necessary.

Companies with long experience in Africa know that employees would go out to East and Southern Africa and stay there for a lifetime but the average stay in West Africa, especially Nigeria, has never been more than five years.

It is difficult to pin down exactly what makes Nigeria so difficult. Partly it is climate, partly it is the tempo of activity, a curious combination of huge sums of money moving at frustratingly slow speeds.

Insulating yourself is both a daily problem and a long-term problem. In daily life, it seems to mean having a home environment as comfortable as possible so that frustration

tolerance remains high for the problems of the day. Over the longer term, it means making an effort to get involved in some diverting activity, golf, sailing, tennis, bridge or whatever.

In business, the important thing is not to lose a sense of perspective, not to let the little annoyances monopolise your time. When you send the van to the corner shop for timber and you watch him turn the wrong way as he leaves the factory, you know he will be gone for three or four hours. But it is not worth your time to pursue the matter or fuss about how you are going to deal with it when he comes back. The £2m shipment that has been tied up in customs for two months is more deserving of your time.

Most companies offer executives in Nigeria two months leave a year, and most executives choose to take their leave in two one-month instalments.

### IMMIGRATION

All visitors except nationals of neighbouring countries require a visa to enter Nigeria. This should be applied for as long as possible in advance from the appropriate Nigerian mission at the place of departure—it can take weeks. Visas are not given at Nigerian ports of entry. Passports containing South

African visas are not accepted. During their stay in Nigeria, visitors are advised to carry their travel documents at all times.

Residence permits are obligatory for persons intending to work in Nigeria and these take a longer time than an ordinary visitor's visa.

### CURRENCY CONTROL

Unlimited amounts of foreign currency and traveller's cheques can be brought into Nigeria, and must be declared at the port of entry. Such declaration forms as well as receipts obtained from conversion of foreign currency or traveller's cheque at banks

must be saved for presentation on departure. Regulations limit the amount of Nigerian currency that may be brought into or taken out of Nigeria to fifty naira (N50). Do not expect to be able to reconvert surplus Naira into foreign exchange.

### HOTELS

Owing to excess demand and generally inefficient management, hotel accommodation, particularly in Lagos, is often difficult to obtain. Bookings often involve cash deposits amounting to the total expected bill on the entire stay. A confirmed reservation does not guarantee that a room will be available on arrival. All hotels are air-conditioned though there are often power and water problems.

The following approximated daily rates are current and include bed, breakfast and private bathroom. Most hotels add a service charge of 10 per cent.

Single room N30 to N 50  
Double room N50 to N 70  
Suite N80 to N150

There are presidential suites at the Federal Palace Suites Hotel at N500.

Federal Palace Hotel and Federal Palace Suites Hotel, Victoria Is 1000, Lagos, Tel: 610031, telex 21432

### TAXIS

Taxis are available at the airport; there are special rates for journeys to the centre of Lagos. These range from N12 to N15, but fares should always be negotiated in advance. Nigeria Airways operates a bus

service from the airport to the major hotels at the cost of N4. Unmarked taxis should be avoided. It is futile to insist on the use of meters. When meters are used—beware—they are usually fixed.

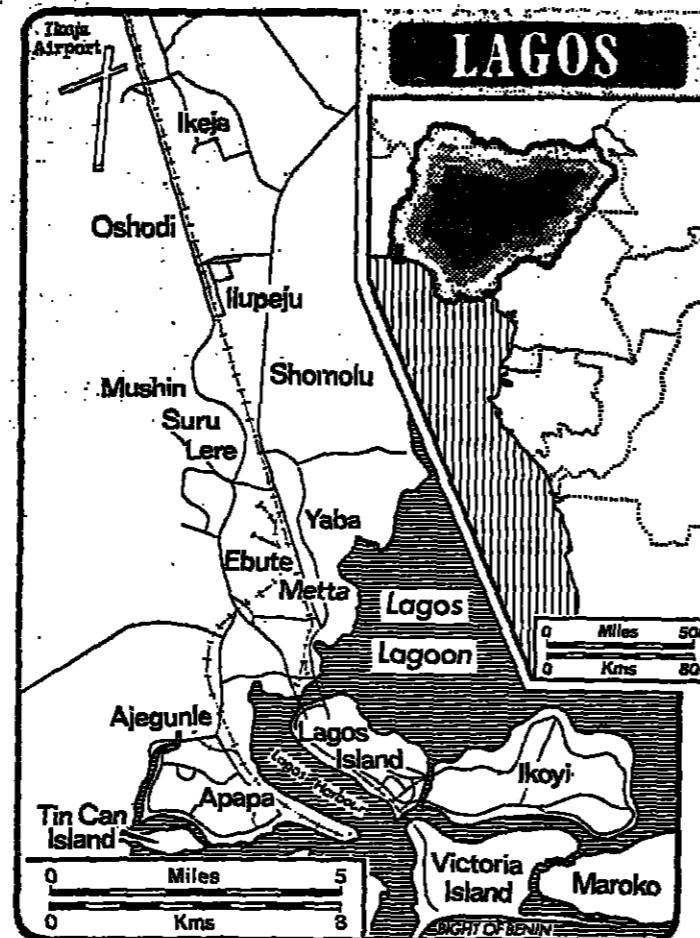
### TIPPING

Airport—Tips of 50k and N1 are usual, but visitors must beware of touts who, though officially frowned upon, persist.

Hotels—In spite of a 10 per cent charge on all services, tips are expected. Generous tips can sometimes overcome the overall sluggishness of services.

Car Hire—Though not expected, occasional tips to car hire service drivers engender better rapport especially in cases of overtime or long journeys.

Taxis—Taxi drivers do not expect a tip except for special services.



## Books which give the visitor a flavour of Nigeria

WHAT SHOULD a first-time visitor to Nigeria read to gain a broad picture of the country? The rapidly changing nature of Nigerian politics and the economy means that up-to-date information in book form is hard to come by. On the political side, a gap has been filled by *Soldiers and Oil* edited by Keith Panter-Brick and published by Frank Cass—though it does not cover the return to civil rule.

For an understanding of the civil war, the best reading is John de St Jorre's *The Nigerian Civil War* published by Hodder and Stoughton in 1972.

*The International Politics of the Nigerian Civil War* by John Strommen (Princeton) is also essential reading.

*The Story of Nigeria* by Michael Crowder (Faber and Faber) first published in 1962 and revised and republished in 1973 is invaluable as general historical background.

For the feel of Nigeria, go to some of the country's talented novelists. These include Chinua Achebe (*A Man of the People* and *No Longer at Ease*), Cyprian Ekwensi (*Burning Grass*), Wole Soyinka (*The Interpreters* and *The Man Died*) and Elechi Amadi, who has written about his experiences during the civil war.

The gap in economic information in book form has only recently been filled by *Structural Change in the Nigerian Economy*, edited by F. A. Okunnu (Macmillan 1980) which gives an excellent introduction to the economy with figures and statistics up to the middle and later 1970s.

The publication of current economic information tends to run well behind events. Thus, the most recent edition of the

### CAR HIRE

Chauffeur-driven cars are available for between N30 and N50 per 30km-day. Extra mileage costs between 15 kobo and 20 kobo per km. Deposits in cash amounting to the total expected bill are usually a precondition for hire. Credit cards are not normally accepted. Arrangements can be made through the following main travel agencies and also services which have been known to offer reliable services: Mandilas Car Hire (Hertz), P.O. Box 35, 96/102 Broad St., Lagos.

### COMMUNICATIONS

Telephones: The once-apalling phone service is improving, though it still leaves much to be desired. Recent number changes (and further alterations now expected) make it hard to find local numbers. One must first trace the required number in the old directory before proceeding to convert it in the listing of new numbers. Not all old numbers are converted. Phoning from Lagos to the state capitals is often impossible, while cables can go astray and letters take for ever.

It is now possible to dial internationally from some phones. Also, 24-hour public facilities are available through Nigerian External Telecommunications. Neither reverse charge calls nor credit card facilities are accepted for the phones.

Telex: International telex is available round the clock through public facilities. Apart from being crowded, service can be affected by power failures. Business visitors may be able to use their Embassy facilities. Collect cards are acceptable, also for telegrams.

Chillies

## NIGERIAN

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**Nigerian Palm Produce Board,**  
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## NIGERIA XLIII

## DOING BUSINESS

## NEWSPAPERS NEVER DULL

**THE EXTRAORDINARY** array of Nigerian newspapers is sometimes overwhelming but never dull. More than a dozen dailies (all printed in English), about 20 weeklies, and some 25 magazines with a combined circulation of nearly 2m cater for most tastes and political persuasions.

The Punch provides a Page Three girl; Lagos Weekend is a popular; the Business Times (published on Tuesdays) is the best source of financial news; and though not the independent and authoritative paper it used to be, the Daily Times provides reasonable national coverage, as does the New Nigerian.

For readers accustomed to the bland fare provided in many other parts of Africa it is refreshing to be able to pass on from a pro-Government editorial to another which castigates "Shagari and his henchmen" or follow a campaign—eventually successful—calling for the removal of an allegedly corrupt Cabinet minister.

But frequently, issues are

## STATES

General information about any of the 19 states may be obtained from State Liaison offices situated in Lagos at the following addresses:

Anambra, 16a, Lugar Avenue, Ikor, Tel. 680503, 680635, 683708.

Enugu, 4, Kofe Abayomi, Victoria Island, Tel. 614749.

Rendel, 225-227, Apapa Road, Tel. 845501.

Emu, 63, Awolowo Road, Tel. 681326.

Ikor, 4, Kofe Abayomi St., Victoria Island, Tel. 614749.

Cross River, Plot 1005 off Adeola Odeku, P.M.R. 12637, Lagos, Tel. 613478.

Gongola, 4, Kofe Abayomi St., Victoria Island, Tel. 614749.

Imo, Plot 289, Akin Oluwade St., Victoria Island, Tel. 610215, 680931, 614175.

Kaduna, 26-28 Kofe Abayomi St., Victoria Island.

## RECREATION

Night clubs: Lagos has a wide variety of night clubs. Among those catering mainly for Europeans are:

Bacchus, Awolowo Road, Ikor, where there is good Lebanese food and dancing at N25 a head. Crowded at weekends. Tel. 633582.

Panache, at the Mainland Hotel, Ebute-Metta has a good decor but is expensive at N35 per head.

Bugattie, 208 Broad Street, Tel. 632301, had a previously good reputation; soon to re-open.

Casinos exist at the Federal

## RESTAURANTS

Lagos has a number of restaurants, in addition to the restaurants in the hotels. There are adequate facilities for business entertaining. Cocktail parties can be arranged at the main hotels. Dinner parties, both large and small, can also be provided. The following restaurants serve lunch and dinner, except where indicated.

Bacchus, 57 Awolowo Road, Ikor, Tel. 633582.

Chez Antoine, 61 Broad Street, Tel. 635881.

Club Bagatelle (dinner only), 208 Broad Street, Tel. 632301.

Cathay Chinese, 88 Broad Street, Tel. 651546.

Circa Restaurant, 67 Kofe Abayomi Ave., Apapa, Tel. 841227.

## CLIMATE

Lagos is hot and humid. The average temperature in the south is about 29 degrees C (84 degrees F) with high humidity. The Nigerian climate generally is tropical and the wet and dry seasons are well defined. In the north daytime temperatures may reach 45 degrees C (109 degrees F) but can drop below 4 degrees C.

## CLOTHING

Men need lightweight suits, though a sweater is needed in the north during the harmattan. Dry cleaning facilities when available are of poor quality.

## HEALTH

It is generally unsafe to drink tap water or eat uncooked fruit and vegetables. Anti-malarial pills should be taken two weeks before arrival and four weeks after leaving. TAB vaccination is recommended.

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E.N.G. B.P. 94, 1000 Lausanne 21, Switzerland

## MINISTERS AND KEY OFFICIALS OF THE FEDERAL GOVERNMENT IN LAGOS

MINISTRY	MINISTER	PERMANENT SECRETARY	MAIN OFFICE AND TELEPHONE NUMBER	MINISTRY	MINISTER	PERMANENT SECRETARY	MAIN OFFICE AND TELEPHONE NUMBER
1. Agriculture	Alhaji I. Gusau "Chief O. Awotesi "Mr. E. Aguma	M. Litman	New Federal Secretariat (NFS) Ikor, Lagos, 3rd Floor. 682732	14. Justice	Chief R. O. A. Akinjide	O. A. Seetan	NFS 4th Floor. 683414/684420
2. Aviation	Mr. S. Mafuyal	B. A. Zhizmenlen	New Federal Secretariat (NFS) Ikor, Lagos, 7th Floor. 680446/682463	15. Mines & Power	Alhaji M. I. Hassan	U. C. Galtimari	Six-Storey Building. 650230
3. Commerce	Mr. I. Shaikh "Alhaji A. Nahuche	A. M. Fika	New Federal Secretariat (NFS) Ikor, Lagos, 3rd Floor. 685566/684629	16. National Planning	Mrs. A. E. Oyigbola	G. P. O. Chikelu	NFS 680046/681145
4. Communications	Alhaji A. Oluwani "Chief E. Okel-Otul	J. E. K. Oyegun	Tafawa Balewa Square; 2nd Floor. 658555	17. Science & Technology	Dr. S. Ugho	R. S. G. Agbog- Remmer	Republic Building Marina 632479
5. Defence	Alhaji Iya Abubakar	A. Saleh	Independence Building 623776	18. Transport	Alhaji U. A. Dikko "Mr. G. Wusishi	Aliyu Mohammed	1. Joseph Street. 652120
6. Education	Dr. I. C. Madubulue "Alhaji B. Usman "Mr. C. A. Bamgbose	F. T. Adesanoye	1/3 Maloney Street. 623500	19. Works	Mr. V. Masi "Alhaji A. Jarma	Mr. K. Idris	Tafawa Balewa Sq. 653120/653132/653122
7. Employment, Labour and Productivity	Mr. S. A. Ogedengbe "Dr. P. T. Mirehauum	E. O. Omoyele	Six-Storey Building, Broad Street. 637098	20. Water Resources	Alhaji N. Mamudu	N. O. Pepeola	9 Kos Abayomi Road, Victoria Island. 612511/653128
8. External Affairs	Prof. I. Adu "Chief P. Bojokor	J. N. Ukegbu	Republic Building Marina 650520	21. Youth, Sports and Culture	Engr. P. C. Amadike "Alhaji I. A. Dan Musa	A. S. N. Egbe	5 Kos Abayomi Road, Victoria Island. 610836
9. Finance	Prof. S. M. Essang "Alhaji A. Baba "Mr. G. A. Thomas	Abubakar Alhaji	New Federal Secretariat (NFS) Ikor, Lagos. 624750/681308	22. Federal Capital Authority	Mr. J. J. Kadiya	A. Koke	15 B Awolowo Road. 680470
10. Health	Mr. D. C. Uwaga	F. Y. Emmanuel (Mrs.)	New Federal Secretariat (NFS) Ikor, Lagos. 9-10th Floor. NFS 4th Floor.	23. Steel Development	Mr. Paul Unongo resigned Sept. '80	F. I. Oduah	138-140 Broad Street. 651062/657063
11. Housing and Environment	Dr. W. O. Dosunmu "Alhaji A. Musa	G. A. Fatoye	NFS 4th Floor. 651083	24. Executive Office of the President	Prof. E. C. Osammar	J. E. Uduochi Information: L. Jimeta	Tafawa Balewa Square. 651010-20 Republic Building Marina 656545
12. Industries	Alhaji A. Cirona "Dr. I. Igbona	M. E. P. Udehiwa	NFS 9th Floor. 680396/682607	25. Head of the Civil Service	G. A. E. Longe	NFS 8th Floor. 884809	
13. Internal Affairs	Alhaji B. M. Yusuf "Chief (Mrs.) J. Akinrinade	G. A. Nwanze	NFS 2nd Floor. 653694	26. Secretary to the Federal Government	Alhaji S. A. Musa	Tafawa Balewa Square. 653128	

\* Minister of non-Cabinet rank

## SPECIAL ADVISERS TO THE PRESIDENT

Dr. K. O. Nbaduwe, National Assembly Liaison, Tel: 630758; Dr. Bakar Shuaib, National Security; Dr. Chuha Okadigbo, Political Affairs, Tel: 681382; Prof. G. A. Odenigwe, Political Affairs; Chief Olu Adebajo, Information, Tel: 630142; Alhaji Yahaya Dikko, Petroleum and Energy; Prof. E. C. Edozien, Economic Affairs, Tel: 684379; Dr. J. Odama, Economic Affairs, Dr. O. Olafisa, Statutory Boards; Chief T. A. Akinyele, Director of Budget and Budget Affairs, Tel: 631081; Press Secretary to the President—Charles Igbo, Tel: 682526.



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مكتاب من المجل

## THE CRISIS IN EUROPEAN STEEL

## The prices war which could overwhelm Davignon

THE HEADS of Europe's major steelmaking groups meet in Brussels this morning with Viscount Etienne Davignon, the EEC Industry Commissioner, in what is being billed as a make-or-break attempt to defuse the crisis in steel.

But the 12 steel chiefs who will sit down at the conference table are no longer quite the companions in misfortune that they were at the beginning of this month. In a few weeks many of them have become the belligerents in an internal prices war that risks inflicting serious damage on all but the strongest producers in the European steel industry.

The pressures of a recession which has seen steel prices tumble 15 per cent or more since early summer, and which is likely to yield a collective 1980 loss for the industry of something between \$3.5bn, have lately tempted the producers into the classic trap of price-cutting. The result has been to transform a grave downturn into a fast-moving crisis.

GILES MERRITT  
in Brussels looks  
at moves to restore  
order to the  
steel industry

The potential casualties in the price war, say some Brussels experts, number between 15-30 per cent of the steel industry's 655,000 workforce, which could be hit by a wave of lay-offs and hurried redundancies. The effect would be a brutal restructuring of the industry by market forces that would make the reorganisations and streamlinings of the past five years seem mild by comparison.

Today's meeting in the no-man's land of the Berlaymont is the opening of crucial peace talks. Viscount Davignon will be urging the immediate restoration of his now almost

defunct Davignon Plan for price and production discipline. In advance of these discussions, M. Davignon has been holding separate meetings with each major steel company in the past 10 days in an attempt to bring them into line one by one. These preliminary talks ended only last Saturday, when it was the turn of West German producers, whose warring between themselves—notably a price slashing contest between Klockner and Thyssen—has helped to precipitate the crisis.

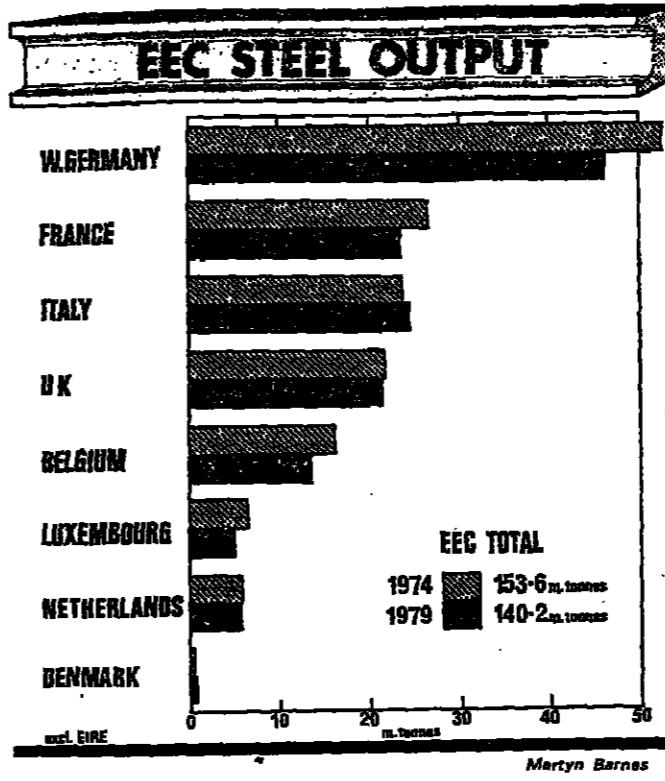
The 12 participants at the meeting will be France's Usinor and Sacilor, Belgium's Cockerill and the Charleroi "triangle" grouping, Luxembourg's Arbed, British Steel and the British independents' BISPA association. The Estel link-up of Hoogovens in Holland and West Germany's Hoesch, Thyssen, Krupp and Peine-Salzgitter of West Germany, and Italy's Finister.

Although the need for a fresh pact between EEC steelmakers is plain enough, Commission officials seem far from confident that one will emerge. Mutual suspicions over which companies have in the past cheated on the voluntary curbs and quotas of the Davignon Plan are making negotiation difficult. West German and Italian resentment over a deal which would broadly be more to their EEC rivals' advantage is a major obstacle.

For bad as "market restructuring" (meaning unbridled price competition) would be for all steelmakers, it would be considerably worse for producers in Belgium, France, Luxembourg and Britain. Thanks to their greater efficiency and their integration of steel with complementary engineering operations, the German producers have a definite edge when demand is weak.



Viscount Etienne Davignon



Last year, when the EEC steelmakers produced 140m tonnes of crude steel, 69 per cent of capacity was employed. For this year, on present showing, that figure will have dropped alarmingly to less than 64 per cent and to about 50 per cent for such products as heavy plate. Indeed, the 1980 unused capacity figures would be even worse if the industry had begun to cut back hard on output once orders fell away suddenly this year.

As it is, EEC steel production for the first eight months was just 3.5 per cent below the same 1979 period.

With such a burden of unproductive plant and overheads, the scale of the industry's financial losses is not hard to understand. The key to revitalising steel remains the restructuring programme agreed between the European Commission and the major companies more than three years ago. For 1984 was set as the point by which plant closures would have raised capacity in use to 85 per cent in crude steel and 80 per cent in flat rolled products.

Technically, say Commission officials, that target is not so unattainable as it sounds. They calculate that the closure of all plant now working at the indefensible rate of less than 40 per cent of potential output would push the overall rate of capacity in use to 76 per cent this year. In a comparatively good year, such as 1979, it would have pushed the figure to 81 per cent.

Politically, such a shut-down programme would be far from straightforward. Even so, there are signs that in the framework of renewed voluntary and maybe mandatory price and production disciplines EEC member governments will soon be giving fresh impetus to the restructuring drive. Making good the steelmakers' increasingly staggering losses is, after all, no longer a politically attractive alternative.

dictatorial authority in the steel industry.

The Bonn Government, however, is probably susceptible to political arguments on the need for a European solution to the problem, and may well add its weight to the pressure being put on the German steel industry. Less so any Italian Government, though, and Italy's steel difficulties are severe. For the Italian industry to accept new price disciplines would entail the continued loss of much of its own domestic market.

The doubts over the European steel industry's ability to reconcile its conflicting interests are such that a number of EEC member governments favour the introduction of mandatory controls whatever the outcome of today's Brussels

talks. The suggestion gaining momentum is that, even if the producers resurrect the Davignon Plan by voluntarily cutting output in the fourth quarter of this year by 13 per cent below the same 1979 level, the crisis demands still tougher measures.

France has told the other EEC member governments it will propose at the October 7 Council of Ministers meeting in Luxembourg that a state of "manifest crisis" be declared, which would permit the imposition of compulsory curbs on prices and imports. Belgium is known to back this use of Article 58 of the European Coal and Steel Community's Treaty of Paris, which would set the Brussels Commission up as a

time limit on the mandatory price minima and careful selection of the products affected.

mounds (Holdings), Whatman Beave Angel.

## COMPANY MEETINGS

Acrow, S South Wharf, W. 10. Aeronautical and General Instruments, 40 Purley Way, Croydon, 12. Ceninvincial Estates, 4-6 Saville Row, W. 10. Cooper Industries, Castle Hill, Dudley, 12. Crouch Group, Plaisterers Hall, 1 London Wall, EC. 12. Hamro Trust, 41 Bishopsgate, EC. 12. Ilford Morris, Victoria Road, Salford, Shipton, 12. Lep Group, Winchester House, 77 London Wall, EC. 230. W. E. Norton, Royal Automobile Club, Pall Mall, SW. 12. Provincial Cities, 52-56 Osnaburgh Street, NW. 12. John Waddington, Wakefield Road, Leeds, 12.

Uganda's first general election in 18 years.

## COMPANY RESULTS

Final dividends: Sidney C. Banks, Ingal Industries, S. Lyles, Mitchell Cotts Group, Saint Piran, Interim dividends: Arcliffe Holdings, Boustead, Brent Chemicals International, British Syphon Industries, Bunzl Pulp and Paper, Fosco Minsep, John Lains, Ready Mixed Concrete, Royco Group, Francis Summer Holdings, Thomson T-Line Caravans, Tomatin Distillers, Waterford Glass, Wat-

## EUROPE'S TOP STEELMAKERS

COMPANY	OUTPUT (millions of tons)
BSC (UK)	1978
Thyssen (West Germany)	1979
Finister (Italy)	1978
Usinor (France)	1979
Hoesch (West Germany)	1978
Hoogovens (Netherlands)	1979
Krupp (West Germany)	1978
Klockner (West Germany)	1979
Arbed (Luxembourg)	1978
Salzgitter (West Germany)	1979
Manheim (West Germany)	1978
Cockerill (Belgium)	1979
Hainaut-Sambre (Belgium)	1978
Sacilor (France)	1979

\* Owing to recent mergers 1979 figures are not comparable with previous data.

Source: ISI

Letters to the Editor

## The cost of money

From Mr. J. H. Pogmore

Sir.—Although I am aware that in economic theory an increase in the interest rate will reduce the demand for money, I am beginning to wonder just how far this is true. Consider, for example, financial policy as it applies to firms. The theory suggests that companies raise capital—either equity or debt capital—for the purpose of investment, and, using the interest rate, calculate the net present value of the stream of earnings it can expect from a project. If this turns out to be positive the company will raise the capital to pursue the project either by a share issue or by borrowing. Clearly, in this case, the interest rate is crucial.

However, I would like to suggest that in today's economic climate most firms (at any rate those in the manufacturing sector) are not borrowing money for this purpose at all. The fact is that, because of the high rate of inflation, it is very nearly impossible to generate sufficient profits to cover the inflation of current assets. Thus, most manufacturing companies, even those who return handsome profits, finish up the year with a negative cash flow. This has been illustrated several times in your newspaper when you have reported on the growing indebtedness of the industrial sector, which now runs at over £20bn.

The point is that companies must borrow and also must increase their borrowings in order to stay in business at all. This means that they have to borrow regardless of the interest rate, whether it be 5, 10, 20 or even 50 per cent. Thus, as long as the banks continue to support their industrial customers, that part of the money supply used to finance private industry will continue to rise regardless of the interest rate. The only remedy for this situation is a substantial reduction in the inflation rate, and this will have to be achieved without the help of high interest rates. I need not go into the ways in which this should be done, since your newspaper is not short of ideas on the subject.

J. H. Pogmore,  
Managing Director,  
The Zenith Electric Company,  
Cromfield Road,  
Wavendon, Milton Keynes.

embracing criteria of relative need before any central government can realistically begin to say whether or not one local authority is being wasteful. Such a set of criteria is by no means impossible to create, but so far Whitehall has failed to do so successfully.

Once fears are allayed, the tremendous advantages of the new developments not only in the office, but in production, goods handling and sales administration, are clearly evident.

What is not appreciated is that we have no option. Either we accept these new concepts, spend money on both the equipment and subsequently proper training in its use or we shall become so slow and inefficient as to lose all competitiveness and be forced out of business!

Eleanor Macdonald.

E.M. Courses,

4, Mapledale Avenue, Croydon.

## Back to cowrie shells

From Mr. D. M. Toft

Sir.—It is not clear from Mr. H. I. Meyer's letter of September 26 whether he is a Swiss banker or merely believes he is.

It is true that the Swiss imposed a negative rate of interest for some years, but this applied to non-resident accounts only and dfrs deposits in excess of SwFr 100,000.

It is interesting to speculate on what would happen if minimum lending rates were to be fixed at minus 2 per cent, as Mr. Meyer advises. The banks would go broke within a week, as all deposits would be withdrawn forthwith, and we could all make a new start on the basis of cowrie shells, Toby jugs or perhaps even that yellow stuff—gold.

D. M. Toft,  
The White House,  
22 West Side,  
Wimbledon, SW19

## Local councils' performance

From Mr. P. B. Kershaw

Sir.—Robin Pauley's article (September 24) "Time to call in the efficiency experts" managed to confuse two aspects of performance measurement: on the one hand there is central government's interest in inter-authority comparisons of performance, while on the other, is the individual local authority's need to examine the performance of its own services for resource allocation purposes.

The report rejected British Telecom's proposals. It suggested that despite the demands of monetary policy the Government should make further efforts towards allowing at least a small part of the enormous programme of capital expenditure undertaken by British Telecom to be financed other than through the pockets of today's customers and should at the same time require the management of British Telecoms to find economies out of its own organisation which would provide a reduction in the package of price increases.

The council felt that this response, which reflected the views of many individuals and organisations whom we consulted, was neither irresponsible nor lacking in common sense.

The Government did not accept our proposition and the price increases are to go ahead unchecked. We believe this is wrong.

It makes no sense that customers should support a very costly transformation of the telecommunications business (however necessary and laudable) without any recourse to the facilities of financial markets which such a business should naturally enjoy. And it makes no sense for those

customers also to be subjected to the demands of a monopoly management able to reach whatever financial targets monetary management requires simply by putting up prices. In the absence of the proper discipline of competition, Government should provide a substitute.

The exchanges on Telecoms price increases must now be regarded as blood under the bridge. However, there will unquestionably be opportunity for further debate on monopoly prices before too long.

It is to be hoped that a less Maginot inflexibility of approach will then emerge to replace the present system of even-handed justice where customers are forced to assume a burden they generally have no means of alleviating.

John Morgan,  
Waterloo Bridge House,  
Waterloo Road, London, SE1.

## Future uncertain

From Mr. James Piditch

Sir.—Much of the clamour about unemployment camouflages truths we have all to learn. For us to believe, as we are urged to do, that world recession or HM Government's quasi free-economy is the cause of high unemployment is to miss the real issue.

Britain, in common with all developed industrial nations, is in a state of fundamental change from what Alvin Toffler (author of *Future Shock*) has recently called "second-wave" industrialism to a "third-wave" society.

Toffler's "third-wave," caused by rapid evolution in many areas of life but greatly accelerated by the microprocessor, is already visibly all around us. We may choose, unwisely, to retard it, but we cannot arrest it.

The future will happen. The hard truth is that there is simply no place in it for very many present occupations. The more we strive to keep people in old jobs and companies alive in old industries, the more long-term damage we will do.

This realisation does not make the plight for the unemployed any easier, but at least it should encourage us to help them by taking the right steps rather than the wrong ones.

Conservative (small c) management and unions are, without any doubt more responsible for declining industry than any outside source. This, in my experience, is true in other countries as it is here.

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The future will happen. The hard truth is that there is simply no place in it for very many present occupations. The more we strive to keep people in old jobs and companies alive in old industries, the more

## Currys steady at six months and pays 1.5p

MAINTAINING its gross margins and thus halting the decline that has occurred over a number of years, Currys, electrical appliances retailer, finished the first six months to July 23, 1980 with pre-tax profits of £4.49m against £4.57m.

Sales so far in the second half are on target and well above those for last year, when the group was recovering from the depressed levels which followed the June mini-Budget, says Mr. Dennis Curry, chairman. While it is apparent that the recession will get worse, the group will continue to expand its market share, he believes.

The interim dividend is lifted from 1.2p to 1.5p net but, with the major part of the year's profit dependent on the final quarter and with current economic uncertainties, the level of final dividend will rest on the results for the year as a whole, points out the chairman. Last year a total of 7.3p was paid from taxable profits of £14.41m.

First half trading profits were down at £2.2m (£1.53m) after amortisation and depreciation of £1.23m (£1.44m) and a decrease of £514.000 (£800,000) in provision for unmarketed profit on credit trading.

The profit before tax also includes no interest receivable of £1.16m (£345,000) and a surplus on the sale of properties of £27,000 (£25,000). Current cost adjustments leave the taxable profit down at £2.62m (£2.95m).

Earnings, after tax of 3.1m (£1.02m adjusted), are shown as 14.9p (15.5p) per 25p share. Cash takings, including cash received from credit customers, rose 15.5m to £109.1m. The increase of 13.4 per cent, or about 10 per cent after discounting VAT, equates approximately

### HIGHLIGHTS

Lex analyses the report from the City Working Party on financial futures which envisages the establishment of Chicago styled contracts, currencies, interest rates and financial instruments. On the company front Laird has announced a big U.S. acquisition and slightly higher half year profits while Currys surprised the market with maintained volume and pre-tax profits only slightly down on last year's strong half year result. Elsewhere Cope Allman has produced profits slightly down and despite a lively performance from Bell Fruit the areas are likely to hold the group back in the near term. On the inside pages there are some lower profit figures from Adwest and Metalrax but Energy Services shows an improvement in the half way stage and the annual result from furniture group Parker Knoll is right on forecast.

the rate of price inflation on the group's merchandise, says the chairman, and indicates that sales have been maintained in real terms despite the difficult trading conditions.

Credit trading balances stood at £16.88m after provision for unmarketed profit of £1.021m against £17.72m after a £1.72m provision six months earlier.

Following the success of the group's rental operations, this service is shortly to be extended to every branch. At the same time, video recorder rental will be introduced.

Three Currys shops were opened in new towns in the first half and two more have opened since, says the chairman, and a further six are expected to be in operation by the end of January. Plans for the opening of Bridgers, Carousel and Currys Micro-Systems properties continue.

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## Vickers claim settled

COMPENSATION FOR the ship-building activities of Vickers, which were nationalised in 1977, has been set at £14.45m.

Vickers has already received £11.6m and has been arguing its case for more before the Aircraft and Shipbuilding Industries Arbitration Tribunal.

The compensation figure was announced by the Department of Trade and Mr. D. D. Rae Haskins of accountants Deloitte, Haskins and Sells, the stockholders' representative. The sum payable is satisfied by the issue of Government stock, which will be made by the Bank of England as soon as possible.

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## Reduced demand hits Metalrax

A FALL of £77,000 to £1.07m in pre-tax profits is reported by Metalrax, the Birmingham engineering group, for the six months to June 30, 1980. Turnover rose from £10.22m to £12.19m.

Mr. John Wardle, the chairman, says that the board cannot hope to see a second half comparable with the perhaps exceptional second half last year. But at the end of the day—in view of the current climate and the likely results of other engineering groups—shareholders are likely to regard the results for the year as by no means unsatisfactory.

He believes that at least in the second half of 1981 some signs of general improvement will be seen which will allow the financial and managerial strength of the company to continue the forward progress which has been seen for over 10 years.

Commenting on the lower first half profits, Mr. Wardle says there was an "extremely severe

reduction in demand" in June, and the loss of non-recurring Government grants, which boosted last year's figures, contributed to the downturn.

After tax down from £598,000 to £508,000, retained profits come out at £347,000 compared with £388,000. The interim dividend is effectively raised from 0.455p to 0.52p—last year's total was an adjusted 2.272p. Dividends absorb £161,000 (£16,000).

The chairman discloses that the year-end "modest over-draft" had, by the end of June, been turned into "a substantial credit balance."

### • comment

Profits growth and margins at Metalrax may be under considerable pressure throughout the rest of this year and probably the best part of next but there is no discernible threat to dividends. The interim is, in fact, actually increased to allow for the recent scrip and the prospective yield of 7.1 per cent—if the

final is treated in the same fashion—indicates a marked premium to the sector. The wide spread of customers, short production cycles and strong cash generation (reinforced by a good track record) underpin the rating at 51p, up 3p yesterday.

The repetition engineering activities have been hit particularly badly from June onwards but these businesses apparently remained profitable during the panic de-stocking which took place during that month and, although order levels are still very depressed, the worst of the surfeit scare seems to be over. With net cash balances of about £500,000 against an overdraft of similar size in the last balance sheet and a negligible export order workload, the group at least escapes manufacturing industry's twin perils. Forecasting is more than usually hazardous but if, say, profits this year drop by a fifth to around £2m pre-tax, the prospective fully taxed p/e of 10.4 is not overwhelmingly demanding.

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Two years ago, Crouch Group started to change. For over 50 years, Crouch had built a strong reputation and a profitable business as a residential construction firm in the South of England.

In 1978, the Group decided to extend its business into the commercial and industrial fields and that is where the emphasis has been rapidly moving.

The 1980 Report and Accounts shows clearly the impact of these decisions.

Against the backdrop of the gathering economic recession, turnover was £14.9 million and operating profit rose 13.4% to £1.3 million.

The high level of interest rates meant considerably increased interest costs and, therefore, profit before tax dropped from £60,000 to £69,000.

On the other hand, the Group's property portfolio now shows a three-fold increase at £13 million compared with its value of £4.3 million in 1978, when commercial development activity commenced. In addition, a recent Directors' valuation of land held for residential development shows a surplus over cost of £2.7 million.

For the future, the emphasis of Crouch's business will continue to shift towards commercial property development. Therefore, although the present recession will depress profits from the residential side, the pace of property development and the opportunities for profits on completed properties enable the Group to look forward to another successful year.

In the meantime, an increase is proposed in the final dividend of over 13% to 3.325p per share, making a total of 4.4p per share for the year.

Copies of the 1980 Report and Accounts are available from the Secretary, Crouch Group Limited, Sutherland House, Suburban Crescent, Kingston-upon-Thames, Surrey, KT12 1UJ.

Crouch Group Limited



## The shape of property to come



## Cope Allman loses ground to end at £11.2m pre-tax

WITH INTEREST payable rising from £2.75m to £4.58m, taxable profits of Cope Allman International finished the year to June 28, 1980, marginally lower at £11.15m, compared with £11.75m.

At the interim stage, when profits were ahead from £5.45m to £5.71m, the directors warned that earlier expectations of growth would not be achieved.

They now say that, during the last quarter of the year, order books declined significantly in many group companies. This decline has accelerated in the first quarter of the current year, adversely affecting profitability, and causing a number of factories to work short time and lay off employees.

In the year under review, however, due to a continued high level of capital expenditure the tax charge was down from £3.4m to £2.34m. This left net profits up from £8.35m to £8.51m and earnings per 25p share ahead from 19.7p to 20.81p. In view of the depressed state of current trading and uncertainty as to how long the recession will continue, the directors feel it prudent to limit the increase in the year's dividend to that reflected in the interim payment. Therefore, the final is held at 2.8p for a £5.65p net total, costing £1.81m (£1.78m).

A divisional analysis of sales and operating profits—£195.63m (£195.95m) and £5.72m

(£14.57m) respectively—shows that engineering and packaging profits of Cope Allman International (£51.891 (£72.064) and £3.406 (£3.753); leisure £39.030 (£31.448) and £6.484 (£6.515); engineering £27.904 (£27.287) and £2.738 (£26.624) and £1.703 (£1.217); Capscale £22.113 (£21.652) and £1.980 (£1.837). Associates contributed £283.000 (£133.000) to operating profit and head office expenses took £558 (£588).

The fall in engineering and packaging profits reflects the effects of the engineering and steel worker's strike. Despite the strength of the pound, exports contributed almost 17 per cent of the total UK sales and at £3.4m exceeded in value those of the previous year by £2.4m—showing slightly more growth than that in overall sales.

Since the year-end, several small packaging businesses in Australia have been either sold or closed and two other businesses, P. and H. Bailey, rainwear manufacturer in Manchester, and Victor International Plastics, plastic colour and converter in Geneva, are in the process of being closed.

Chelton (Moulding), which supplies the group's cosmetic companies with plastic mouldings, is also being closed and its business merged with that of Edward Webster.

Goodwill amounting to £2.2m arising on acquisitions has been fully written off as an extra

ordinary item. Other extra ordinary net losses amounting to £0.25m arose during the year. In addition, the company is providing in the year under review £1.4m against the cost of closing in the current year, those businesses mentioned above.

In order to finance capital expenditure of £21.2m, as well as acquisitions and additional working capital, borrowings increased by £8.7m net. This leaves the equity/debt ratio at 62.38 at the end of the year against a target ratio of 60.40. The directors are confident that cash facilities are adequate to meet foreseeable financing requirements.

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### CAPSEALS

Pre-tax profits of Capscale, the Cope Allman subsidiary, rose from £1.83m to £1.91m in the year to June 28, 1980. Earnings per 25p share are shown to have risen from 11.6p to 12.49p and the dividend is lifted from 3p to 3.25p with a final payment of 1.8p net.

The directors report that since last May there has been a significant reduction in demand from many of the company's major UK customers and some subsidiaries are working below capacity.

Current first quarter profits of this maker of packaging materials have also been affected by market pressure on margins.

### DIVIDENDS ANNOUNCED

M/C	44-71-8	Current payment	Corr. of D/C	Total Div.	Dividend for last year
Adwest Group	5.33	Nov. 21	4.58*	7.45	6.75
Capseals	1.8	Nov. 19	2.05	3.3	3.3
Central Norwegian int.	12.55	Nov. 14	12.5	11.5	11.5
Cope Allman	2.2	Jan. 9	2.5	4.55	4.5
Currys	1.5	Dec. 3	1.2	—	2.5
Energy Services	0.2	Jan. 2	0.25	—	0.63
Metralax	0.32	Oct. 31	0.75	—	1.27
Owen Owen	1	Dec. 3	1	—	0.27
Parker Knoll	4.5	Nov. 21	4.28	7	5
Rank London Cycles	1.81	Nov. 24	0.67*	11	11
Scapa Group	0.75	Nov. 24	0.87*	—	1.78
C. and W. Walker	NIL	—	1.58	—	0.63

Dividends shown per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. On capital increased by rights and/or acquisition issues. T.S. African cents throughout.

## Parker Knoll rises and pays 2p more

PRE-TAX profits of furniture maker Parker Knoll increased from £2.55m to £3.05m in the year to end-July, 1980. On sales up 22.7% to £22.74m, compared with £22.18m.

The chairman's prediction of a 20% rise in sales was exceeded by 22.6%.

A final dividend of 4.5p is being paid, which makes a total for the year of 7p net (3p).

The surplus for the year was struck after interest received of £222,000 against £222,000 for the first time full-year profits from K. Raymakers and Sons who joined the group in August 1979. The contribution was substantial, the directors say.

Mr. M. H. T. Jourdan, the chairman, says the poor and uncertain economic climate is unlikely to improve significantly during the course of the current financial year and as a result steps have been taken in all divisions to reduce costs and improve the effectiveness of the company's marketing and selling policies.

Tax charged for the 12 months increased slightly from £1.71m to £1.74m giving stated earnings per 25p share of 26p (19.4p).

Dividends absorbed: £510,000 (£339,000) leaving a retained profit of £1.8m (£1.98m) and a carry forward balance of £8.61m, compared with £8.61m.

On a CCA basis the historic profit before tax was reduced to £2.73m (£2.63m).

An analysis of group trading

£325,000 compared with £686,000, leaving net profits of £530,000 against £582,000.

Hall-Thermotank manufacture marine, industrial and commercial refrigeration, heating and ventilation.

Despite a 12.5% rise in turnover, the balance sheet is sound, there is £1m in cash and the asset base is 175p a share, the dividend is covered more than two times on a CCA basis—the product base is less vulnerable than most and capital expenditure is being maintained.

The chairman, Mr. E. F. Gates, says he does not consider it possible or wise to forecast results for the year but every effort is being made to trade as profitably as possible in the light of current conditions with both direct and indirect expenditure being controlled.

Last July, when both turnover and profits were showing increases in the current year, the chairman warned that in his opinion this progress couldn't be maintained in the present economic climate.

The directors blame the greater part of the fall in the six months profits on higher interest charges—these rose in the period from £128,497 to £247,387.

Tax this time took £382,505 (£164,005). Last year's comparison included credit for deferred tax. Earnings per 25p share are stated as 5.2p, compared with 11.9p.

Retained profit fell from £802,450 to £553,062.

Last year shareholders received a dividend of 2p net from pre-tax profits of £1.58m.

## Midway losses up but Owen Owen is hopeful</

## Supra falls at interim stage

AFTER interest charges more than trebled to £196,204, against £84,327, Supra Group has finished the first half to May 31, 1980 with lower pre-tax profits of £261,451 compared with £405,256.

With extremely short visibility for the financial outlook, it would be imprudent to forecast the year's outcome, say the directors of the group, which makes and distributes noise control products, paints and motor components. But turnover for the third quarter is ahead of the same period last year and the level of borrowing has been substantially reduced, indicating a lower interest charge in the second half. This, they state, gives them sustained confidence for the future.

First half sales rose to £5.01m (£4.28m). Earnings per 10p share are shown as 1.58p (2.32p) after SSAP 15 tax of £57,472

(£97,361). The comparative tax charge has been decreased from £84,327, Supra Group has finished the first half to May 31, 1980 with lower pre-tax profits of £261,451 compared with £405,256.

The interim dividend is effectively raised from 8.667p to 0.75p on capital increased by a one-for-eight scrip and acquisition issues. Last year's adjusted total was 1.778p, paid from taxable profits of £1.03m.

M.A.S. (Manufacturing) has moved from Luton to the premises occupied by C.J.H. Plastics and F. Claude at Burton Latimer, and Supra Engineering is moving from Colwyn Bay to Supra Pressings at Cradley Heath, West Midlands. The moves, which are in furtherance of a policy of maximising management in prime manufacturing locations, will result in substantial savings, say the directors. The costs have been absorbed in the first-half results.

Interest payable was £242,000 and depreciation accounted for £41,000. There was a loss of £31,000 on foreign exchange rates. No comparative figures for last year are available.

## Energy Services moves ahead after six months

A 16 PER CENT increase from £611,000 to £708,000 in pre-tax profits is reported by Energy Services and Electronics, manufacturer of electric and electronic components, for the half-year to June 30, 1980. Turnover rose from £4.43m to £5.75m, an increase of 30 per cent.

Mr. Robin Rigby, the chairman, says the Board will be disappointed if the second half does not again show some improvement, however small. After tax higher at £254,000 compared with £101,000 and minority losses of £7,000 (£28,000), stated earnings per 10p share are 1.22p (1.14p). The interim dividend is raised from 0.625p to 0.3p—last year's total was 0.625p from pre-tax profits of £1.23m.

Interest payable was £242,000 and depreciation accounted for £41,000. There was a loss of £31,000 on foreign exchange rates. No comparative figures for last year are available.

### • comment:

The 16 per cent rise in interim pre-tax profit of Energy Services and Electronics is impressive on the face of it in today's trading conditions. The shares rose 15 yesterday to 35p even though at that level they must be at least 15 times prospective fully taxed earnings. However, the profit gain is the more impressive considering that exports account for about 40 per cent of total sales, 70 per cent of the New sound studio equipment business. The company complains of the usual pressures from the high value of sterling on margins, depreciation

of foreign assets and tax rates, but pre-tax margins have remained remarkably steady in the past two years and were actually higher in the first half of this year than in the second half last year. Sales are said to have held up in the third quarter and a little change in interest rates or the exchange rate could still make a difference to the outcome for the year. Pre-tax profit could reach £1.5m, which would imply a prospective fully taxed yield of about 18%. The prospective yield, if the final is raised 20 per cent, is only 3 per cent.

Trading conditions in the UK progressively deteriorated during the first half, particularly affecting the Midlands and North West where the majority of customers are based. Despite the traditional resilience of its business in maintenance and industrial cleaning chemicals, the group has experienced great pressure on margins say the directors. This has occurred at an unfortunate time since a substantial expansion of capacity was made last year and has necessitated rapid action to reduce overheads.

The loss was reduced by the profits from overseas business, where volumes have increased and sales are now running at 17 per cent of the group total. The industrial aerosols, pressure washing equipment and roof repair process divisions are trading profitably, the directors add.

### Loss for Arrow Chemicals

A VERY large increase in overhead expenses has left Arrow Chemicals Holdings with a loss of £203,000 for the first six months of 1980, before a tax credit of £67,000. No comparative figures are provided because the results for the corresponding period last year were for Redbrook Investment Trust and did not reflect the acquisition in April 1979 of Arrow Chemicals Group.

The directors say that although UK sales targets have been revised downwards in response to the weak market conditions, there are signs that orders may pick up towards the end of the year. And if the slide in UK economic activity is halted, a

## Arden & Cobden down as bookings decline

ON TURNOVER up from £567,000 to £613,500, pre-tax profits of Arden and Cobden Hotels has fallen from £117,000 to £83,500 in the half-year to June 28, 1980, and Mr. Donald Moffat, the chairman, asks shareholders not to expect too much from the full year's figures.

At the same time, he says he hopes that the figures will be a pleasant surprise in view of the very difficult economic situation. The company, which owns the Cobden and Norfolk Hotels in Birmingham, has been fortunate in not having to use overdraft facilities in spite of its reconstruction programme, but he says this will change in the second half as the company is having to borrow at high interest rates.

There was a tax charge of £12,500 (£65,000) in the first six months.

Extension at the Cobden

Hotel is progressing steadily and the Board anticipates that the 64 single bedrooms will be available in the early part of 1981.

The overall demand for bedrooms in Birmingham has declined however, and the room letting situation, particularly during the summer, has not been good.

The International Printing Machinery Exhibition recently held at the National Exhibition Centre, brought very good bookings, and the Motor Show at the end of October will also help considerably. But, he points out, exhibitions are only for short periods and it remains to be seen what ordinary business demand there will be during the last two months of the year.

There was a tax charge of £12,500 (£65,000) in the first six months.

### OIL AND GAS NEWS

## Increased oil flow at Dullangi No. 8 well

BY STEPHEN THOMPSON

THE LATEST batch of drilling results from the Australian oil and gas exploration scene reveals another encouraging oil flow from South Australia's Cooper Basin and gas discoveries in South Australia's East Block and Queensland's Surat Basin.

Delhi Petroleum, operator of a consortium comprising Santos, Vangas and South Australia's Oil and Gas, reports that following a two-hour clean-up flow the Dullangi No. 8/DM4 produced at a rate of 2,288 barrels of oil a day with a surface pressure of 220 psi, and has now been completed as an oil producer.

The well previously flowed at a rate of 2,120 barrels a day following a drill stem test of the interval 1,464 to 1,494 metres. Target depth of DM4 was 1,388 metres.

Dullangi No. 8/DM4 is the fourth in a series of wells drilled to determine the limits of the Dullangi No. 8/Mt. oil reservoir discovered in 1978.

The first well in the series flowed at a rate of 750 barrels a day, the second was dry and the third recovered only drilling

interests in the Surat Basin. Hartogen No. 5 well in the Surat Basin has flowed gas at a rate of 215,207 cubic metres a day following a drill stem test of the interval 1,446 and 1,475 metres and will be completed as a shut-in gas well.

Interests in Hartogen No. 5 are Hartogen 50 per cent, Clif Oil (Australia), 12.5 per cent, Australian Aquitaine Petroleum 25 per cent and Alliance Oil Development, 12.5 per cent.

Hartogen also announces the spudding in of the Mourachan No. 2 well in the Thromby/Tralee area of the Surat Basin.

Interests in this programme are Hartogen Energy, 40 per cent, Oil Investments, 10 per cent, Australian Aquitaine, 25 per cent and Bow Valley Industries, 25 per cent.

Royalties on these interests are payable to the Queensland Government, 10 per cent, E.B. Noble and Associates, 15 per cent, and International Oil, 0.05 per cent. The latter royalty applies to the Thromby Block, while International Oil has a 7.5 per cent net profit interest in the Tralee Block. Australian Oil and Gas has a 10 per cent net profit interest.

On a less happy note Hartogen reports that the Lesueur No. 1 well drilled offshore in the Joseph Bonaparte Gulf is to be plugged and abandoned. The well contained hydrocarbon bearing zones but permeability is low.

Finally, BHP says the Zeeopard No. 1 well on the Exmouth Plateau is at a depth of 4,027 metres and drilling ahead. Drilling has been hampered by a number of technical difficulties.

## New Court Natural Resources Limited

Direct investment in oil and gas properties in the United States.

### SUMMARY OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 1980

1980 £'000 1979 £'000

Profit before taxation:		
of continuing operations	500	217
of subsidiary sold during the year	258	325
Group profit before taxation	758	542
Earnings attributable to shareholders	738	446
Earnings per share:		
from continuing operations	3.69p	2.23p
from subsidiary sold during the year	1.08p	
from a taxation adjustment relating to previous years	1.27p	
Dividend per share	1.00p	0.55p

At 31st March, 1980 the net book value of the Company's assets was £5,639,000, equivalent to 28.2p per share (1979: 25.3p). However, a valuation of the Company's oil and gas interests at 31st March, 1980 has produced a surplus of approximately US\$7.7 million (£3.6 million) over book value which, if reflected in the accounts, would have increased the net asset value to 46.2p per share.

For a copy of the full Annual Report please write to The Secretary, New Court Natural Resources Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

## A. & J. MUCKLOW GROUP

LARGEST OWNER OF INDUSTRIAL ESTATES IN THE MIDLANDS

### Highlights from 1979/80 Record Results

- ★ Pre-Tax Profits of £3.7m. — up 17%
- ★ Rental Income of £4.8m. — up 32%
- ★ Dividend of 3.8842p net — up 20%
- ★ 37 Factory Estates owned — 4.45m sq. ft.

### Rights Issue and Doubled Dividend Forecast

- ★ Rights Issue of 'One for One' at par
- ★ Forecast maintained Dividend on doubled share capital

### Current Year Prospects

"Despite economic problems I expect a year of further progress... I remain extremely confident in the favourable long term prospects of the Group."

Albert J. Mucklow, Chairman



## UK COMPANY NEWS

### MINING NEWS

## Loans signed of \$445m for Ranger uranium

BY KENNETH MARSTON, MINING EDITOR

IN LONDON and Canberra uranium oxide and the initial annual mining rate is to be 3,000 tonnes by 1982, rising eventually to 6,000 tonnes. Production is expected to start by next September and should be of low cost by world standards.

Contract selling prices are not disclosed, but the deals contain escalation clauses and the floor price is believed to be something better than US\$25 per pound, the world spot price, which has weakened in recent time is around US\$30.

ERA will distribute at least 35 per cent of its after-tax profits for the year to June, 1982, and for at least 75 per cent for subsequent years.

### Europeans join potash project

TWO EUROPEAN partners are to take a 40 per cent holding in the Denison Mines potash project in New Brunswick, Canada, writes John Saganach from Toronto.

The European equity will be jointly owned by Enterprise Miniere et Chimique of France and Salz of West Germany, through their company, Potash Company of Canada.

Both companies are potash producers in Europe. Mr. Stephen B. Roman, chairman of Denison, says they "will bring special expertise and ability to the project in marketing the product internationally."

Denison will retain 60 per cent ownership and will manage the project for the partnership to be known as Denison-Potash.

The first of two shafts will be completed by the middle of next year. Surface drilling has indicated 200,000 tonnes of high quality potash ore. An initial production rate of 1.3m tonnes

to 1.5m tonnes of potash product annually is planned.

## FMC Limited Results for 1979/80

	1980	1979
Turnover	£471m	£454m
Group trading profit	£5.04m	£5.08m
Profit before taxation	£2.54m	£2.51m
Earnings per 25p ordinary share	16.54p	16.99p
Dividends per 25p ordinary share	6p	6p
Net assets per 25p ordinary share	171p	174p

### ABOUT FMC

The growth of FMC has been remarkable.

Formed in 1954 by the National Farmers' Union (Farmers still own nearly 75% of ordinary shares), its purpose then — as now — was to provide livestock producers with an alternative way of selling their produce other than through the traditional auction markets.

FMC became a public company in 1962 and began marketing a wider range of fresh and frozen processed meat products.

Today, with annual sales of £471 million, FMC is the biggest meat group in Europe and the largest producer of British bacon.

### THE PAST YEAR

The food industry is particularly vulnerable to recession. So to have increased both turnover and profit while holding our borrowings and interest rates is no mean achievement. As planned, we moved out of certain unprofitable areas of business.

### HOW THE DIVISIONS PERFORMED

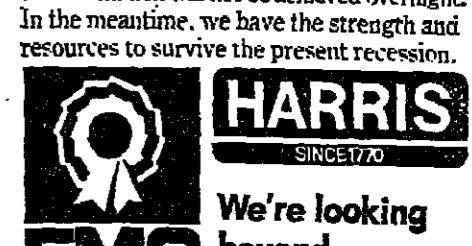
#### Meat and By-Products

Trading conditions for meat were very hazardous, though 1980 looks better. Sales of non-edible by-products suffered badly.

No further exploit its competitive advantage. No other U.K. company can match our nationwide distribution and service or our comprehensive range of products from fresh meat and manufactured meat brands to frozen foods. This competitive advantage is the foundation on which we must build for the future. We plan to secure higher margins by building from our procurement and slaughtering strengths and putting greater emphasis on the processing and marketing of meat products, requiring less preparation at retail level. The transformation will not be achieved overnight. In the meantime, we have the strength and resources to survive the present recession.



New plant installed at Lengfield Products, responsible for the manufacture of food ingredients from fresh bacon.



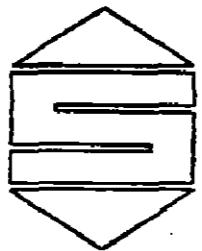
We're looking beyond the Recession

For your copy of the 1980 Annual Report and Accounts simply fill in your name and address and send to: The Secretary, FMC Limited, 19-23 Knightsbridge, London SW1X 7NF.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_





## Selection Trust Limited

has been acquired by



## The British Petroleum Company Limited

The undersigned acted as financial adviser to  
Selection Trust Limited in this transaction

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September 1980Long Term  
Corporate Financing  
in the U.S.A.

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A-Line Caravans  
sale goes through

Black and Edgington gained shareholder approval yesterday for its £1.1m sale of A-Line Caravans, but not without opposition from dissenting director Mr. John Nash.

The deal is being completed today, and Mr. Robin Duthie, the chairman, told yesterday's EGM that the sale would substantially reduce the company's exposure to the problems of manufacturing industry.

Borrowings, he said, would be much lower. If the general hope of a significant cut in interest rates next year was fulfilled, profitability would be greatly improved. "I hope that 1981 will see the group well on the road to recovery." In the first half of 1980, the company lost

£265,000 before tax against a profit of £1.2m.

Mr. Nash voted against the deal and tried, unsuccessfully, to have the A-Line sale to a private group of its original owners delayed until more information was available.

**VICTOR PURCHASES**  
Victor Products (Walsall) has acquired 60 per cent of K. and E. Beattie (Engineers) of West Sleekburn, Northumberland, and the business of Titley and Co, Newcastle.

Beattie manufactures hydraulic hose couplings and swaging machines while Titley makes specialised diamond drilling equipment.

Kennedy Brookes pays  
£0.4m to acquire Fads

Kennedy Brookes, the catering and hotel group, is buying Fads Catering for £400,000, to be satisfied by 484,248 new shares (44.57 per cent of the existing capital of Kennedy Brookes).

In the year to April 30, 1980 pre-tax profit of Fads exceeded £50,000. Fads operates six restaurants and bistros, and undertakes contract catering at special events. Fads outlets dovetail with Kennedy Brookes' existing branches.

Mr. R. C. Paisley, managing director of Fads, will join the Kennedy Brookes' board, and Mr. F. J. Porter, managing director of the Porter Group, which includes the Bear Hotel at Woodstock, Oxon, will remain on the Fads' board.

Following the acquisition, Kennedy Brookes will operate 16 branches with further two to be opened before the group's year-end on October 31.

C.I. SELLS STAKE  
IN S.A. SUBSIDIARY

Cavans International, the caravan manufacturer, is disposing of the 51 per cent holding in its quoted South African subsidiary, CI Industries, in a deal worth £3.5m. The purchaser is an unquoted company held jointly by the quoted South African public companies, Murray and Roberts Holdings and Anchusa Holdings.

The 51 per cent stake will be sold ex CI Industries' final dividend for the year to August 31, 1980, and will be accompanied by certain other transactions, including a transfer of South African trademarks.

Murray and Roberts is South Africa's largest civil engineering and construction group, while the main business of Anchusa Holdings is its investments in Murray and Roberts and Manchusar Holdings. Manchusar Holdings forms two food groups—Food Service and Branded Foods.

## SHARE STAKES

Chambers and Fergus—Mr. Harvey Michael Ross holds 190,000 ordinary shares (5.3 per cent).

Stock Conversion and Investment Trust—The trustee interests of Mr. J. Levy and Mr. J. W. Wishart, directors, have been reduced by 40,000 shares.

Lancashire and London Investment Trust—Temple Bar Investment Trust is now interested in 250,000 ordinary shares (6.25 per cent).

Ward and Goldstone—Prudential Corporation group now holds

£0.4m loss  
halfway for  
C. Walker

A SUBSTANTIAL pre-tax loss of £422,000 is reported by C. and W. Walker Holdings, engineering contractor, plant and equipment maker, for the six months to August 2, 1980. This compares with a profit of £340,000 in the corresponding period last year.

No interim dividend is being paid against 1.35p last time, and a total for the year of 3.35p from pre-tax profits of £220,000. Turnover for the first half was lower at £5.1m against £5.5m. The pre-tax loss is after interest and depreciation up from £173,000 to £300,000 and an extraordinary debit of £55,000 (nil). There was a nil tax charge this time compared with £116,000, leaving an attributable loss of £422,000 (profit £24,000).

There is a loss per 25p share of 9.14p (earnings 5.88p).

The board states that a substantial part of the reported loss was incurred during the first quarter and while the rate of this loss has been greatly reduced, it will not be possible to fully recover in the second half.

It is confident that changes made in the last six months are already proving effective. Great efforts have been made to improve productivity, and policies directing the group into energy savings projects and products have been successful. The value of recent orders in this general area is in excess of £1m.

AMALGAMATED  
INDUSTRIALS  
PASSES PREF.

Because of continuing acute liquidity problems Amalgamated Industrials has decided that the half-year dividend to September 30, 1980, on the 7 per cent (now 4.8 per cent plus associated tax credit) cumulative first preference shares will be passed.

Globe holders take  
up 63% of shares  
offered in Electra

Globe Investment Trust's underwritten offer for sale of 70m Electra Investment Trust shares has been taken up by Globe shareholders in respect of 83.08 per cent of the stock offered.

Earlier this month Globe, which is the largest UK investment trust, announced that it was reducing its stake in Electra from 74 to 27 per cent. The subsequent offer for sale at 45p (after a 2-for-1 scrip issue) effectively gave Globe's shareholders first bite, allowing them to apply both for a specific maximum calculated pro rata to their existing Globe holdings and (on a separate form) for stock over and above this maximum which was to be allocated at the discretion of the directors.

Globe said yesterday that applications on the guaranteed basis have been received in respect of 38.65 per cent of the stock, while excess applications account for a further 24.43 per cent (making 63.08 per cent in all). The balance will be taken up by underwriters.

All applications are conditional on the passing of resolutions at EGMs of Globe and Electra to be held today (Tuesday).

## ROTHSCHILD TRUST

The EGM to change the name of Rothschild Investment Trust to RIT has been convened for October 24.

Mr. Jacob Rothschild has acquired a beneficial interest in 20,000 ordinary shares—10,000 at 35p and 10,000 at 35p.

**INTL. TIMBER**

The International Timber Corporation, has acquired from Henry S. Tett and Co., its builders' merchants' division trading at Faversham, Kent.

The fixed assets, including an acre of freehold land and buildings together with stocks are being acquired for around £300,000. The business will be developed as a timber and

The offers remain open. Woolworth is to compulsorily acquire the balance in due course.

## NO PROBE

The proposed acquisition by Booker McConnell of certain assets of Gallaher is not being referred to the Monopolies Commission.

## BASE LENDING RATES

A.B.N. Bank	16%	Hambros Bank	16%
Allied Irish Bank	16%	Hill Samuel	16%
American Express Bk	16%	C. Hoare & Co.	16%
Amro Bank	16%	Hongkong & Shanghai	16%
Henry Anshacher	16%	Industrial Bk. of Scot.	16%
A.P. Bank Ltd.	16%	Keyser Ullman	16%
■■■■■ Rothfumot Latham	16%	Knowles & Co. Ltd.	16%
Associates Cap. Corp.	16%	Langris Trust Ltd.	16%
Banco de Bilbao	16%	Lloyd's Bank	16%
Bank of Credit & Cmca	16%	Edward Manspe & Co.	16%
Bank of N.S.W.	16%	Midland Bank	16%
Bank of Cyprus	16%	■■■■■ Samuel Montagu	16%
Bank of N.S.W.	16%	Morgan Grenfell	16%
Bank of Rhodesia Ltd.	16%	National Westminster	16%
la Tamise S.A.	16%	■■■■■ National General Trust	16%
Barclays Bank	16%	P. S. Reeson & Co.	16%
Bremar Holdings Ltd.	17%	Rossmaster	16%
First Bank of Mid. East	16%	Ry. Bk. Canada (Ldn.)	16%
Brown Shipley	16%	Schlesinger Limited	16%
Canada Permanent Trust	17%	E. S. Schwab	16%
Cavyer Ltd.	16%	Security Trust Co. Ltd.	17%
Cedar Holdings	16%	Standard Chartered	16%
Charterhouse Japet	16%	Trade Dev. Bank	16%
Chouartians	16%	Trustee Savings Bank	16%
C. E. Coates	16%	Twentieth Century Bk	16%
Consolidated Credits	16%	United Bank of Kuwait	16%
Co-operative Bank	16%	Whiteway-Lindau	16%
Corinthian Secs.	16%	Williams & Glyn's	16%
The Cyprus Popular Bk	16%	Wintrust Secs. Ltd.	16%
Duncan Lawrie	16%	Yorkshire Bank	16%
Eagle Trust	16%	■■■■■ Members of the Accepting Houses Committee	16%
E. T. Trust Limited	16%	7-day deposits 14%, 1-month deposits 14%	14%
First Nat. Fin. Corp.	19%	+ 7-day deposits on sums of £10,000 and under 14%, up to £50,000 15%, and over £50,000 15%	14%
Robert Fraser	16%	■■■■■ Call deposits over £1,000 14%	14%
Antony Gibbs	16%	■■■■■ Demand deposits 14%	14%
Greyhound Guaranty	16%		
Grindlays Bank	16%		
Guinness Mahon	16%		

THE  
LAIRD GROUP  
LIMITED

## Interim Results 1980

(Subject to audit)

	Half Year to 30 June 1980 £'000	Half Year to 30 June 1979 £'000	Year 1979 £'000
Turnover	93,253	101,176	207,046
Profit before Tax	5,428	5,043	10,734
Tax	(2,000)	(1,750)	(3,046)
Profit after Tax	3,428	3,293	7,688
Extraordinary items			(729)
Profit available for Ordinary Stockholders	3,428	3,293	6,959
Dividend	(940)	(823)	(1,645)
Retained Profit	2,488	2,470	5,314

## Notes

- An interim dividend of 1.85p net per Ordinary Stock Unit (1979 1.7p net) will be paid on 1 December 1980. It is intended to recommend a total dividend for 1980 of 3.7p net (1979 3.4p net).
- The tax charge includes £0.6 million overseas tax (1979 £1.4 million).
- All the agreed compensation of £3.75 million for the nationalisation of Scottish Aviation in 1977 has now been received. This is not reflected in these interim results. The claim for compensation for the 50% shareholding in Cammell Laird Shipbuilders has been referred to arbitration.
- The Accounts for 1979 included a provision of £18 million to reflect the Directors' estimates of all losses to be incurred as a result of the closure of The Patent Shaft Steel Works Limited earlier this year. The Patent Shaft Steel Works is not included in the results for the first half of 1980.
- It has been agreed, subject to the approval of Ordinary Stockholders, to acquire the business of New York Twist Drill Corporation, a U.S. company, at a price of \$52.5 million. Full details will be circulated shortly to all Stockholders.

## CURRENCIES, MONEY and GOLD

## Dollar firm

Trading was subdued in currency markets yesterday in the absence of further developments in the Iran/Iraq conflict. The dollar was firmer on higher Euro-dollar rates, with Middle East tension still causing a lot of market tension.

**ITALIAN LIRA** — Weakest member of the EMS, reflecting high inflation and balance of payments problems. As yet showing little reaction to the latest Government resignation — The lira was mostly steady in Milan yesterday, following the dissolution of the latest coalition Government. The Bank of Italy increased the discount rate to 18% per cent and imposed various currency measures, and these two combined have succeeded so far in discouraging any speculative run on the lira. At yesterday's fixing, the U.S. dollar rose to L882.85 from L858.80, although this was more a reflection of dollar strength than lira weakness. Against other European currencies, the lira showed little overall change.

**FRENCH FRANC** — Showing a weaker tendency within the EMS and now below the Dutch guilder and Irish punt, reflecting a steady fall in value against the U.S. dollar. The French franc was slightly weaker in Paris yesterday at the fixing, despite reports of continued official intervention. The authorities appear to be showing concern over the franc's gradual decline, especially against the U.S. dollar. With U.S. interest rates on a firm tack once more, they may have to increase domestic rates in line, although this would have a depressing effect on an already overstressed economy. There was also some concern in the market over the suspension of Iraq oil exports, with oil from that country accounting for about 25 per cent of France's oil imports. However, the authorities seem determined to maintain some sort of stability in the exchange rate. The dollar was fixed at FF 4,2060, up from Friday's level of FF 4,1900.

**D-MARK** — One of the weaker members of the European Monetary System, and unscathed just recently by Middle East unrest and the continued rise in U.S. interest rates. The D-mark is close to a four-month low against the dollar, and a four-year low against sterling. There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt, where the dollar was fixed higher at DM 1.8126 compared with DM 1.8038 on Friday. The dollar was fixed at FF 4,2060, up from Friday's level of FF 4,1900.

**EMS EUROPEAN CURRENCY UNIT RATES**

ECU	Currency amounts	% change from central rates against ECU	% change from central rates	adjusted for divergence	Index %
central	central	against ECU	central	divergence	Index %
September 29					
Belgian Franc ...	37,7897	40,4564	+2.17	+0.95	+1.53
Danish Krone ...	7,72238	7,63218	+0.10	+0.03	+0.125
German D-Mark ...	1,00000	1,00000	+2.16	+0.78	+1.125
French Franc ...	5,84700	5,87956	+0.56	-0.81	+1.3557
Dutch Guilder ...	2,74362	2,75456	+0.40	-0.87	+1.512
Irish Punt ...	0,688201	0,674681	+0.97	-0.40	+1.383
Italian Lira ...	115,770	120,600	+4.17	+2.88	+4.08

Charges are for ECU, therefore positive changes denotes a weak currency. Adjustment calculated by Financial Times.

## EXCHANGE CROSS RATES

Sept. 29	Pound	Sterling	U.S. Dollar	Deutschmark	Canadian	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2,591	4,285	507.5	10,055	2,955	4,705	2,062	2,902	2,902	69,45	
U.S. Dollar	0.418	1.	1,813	212.3	4,205	1,658	1,968	862	1,172	1,172	29.05	
Deutschmark	0.231	0.551	1.	117.1	2,319	10,51	1,085	475.5	5,646	5,646	16,02	
Japanese Yen 1,000	1,970	4,710	8,542	1000	9,371	9,371	4,062	5,820	135.6	135.6		
French Franc 10	0.995	2,778	4,318	10	3,534	1,085	4,680	2,051	2,787	2,787	59.09	
Swiss Franc	0.253	0.604	1,088	128.3	2,542	1,150	581.2	1,078	1,078	1,078	17.56	
Dutch Guilder	0.213	0,608	1,021	107.8	2,137	1,081	4,883	1,000	2,985	2,985	44.76	
Italian Lira 1,000	0.485	1,180	2,103	245.2	4,878	1,919	2,282	1,000	1,350	1,350	35.59	
Canadian Dollar	0.357	0.853	1,847	181.2	3,598	1,412	1,679	725.8	1.	1.	44.76	
Belgian Franc 100	1,440	3,448	6,242	730.7	14,47	5,566	6,775	2,966	4,034	4,034	100	

## FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 29)

5 months U.S. dollars	6 months U.S. dollars						
bid 14	offer 14 1/8	bid 14	offer 14 1/8				

## EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 29	Sterling	U.S. Dollar	Canadian	Dutch Guilder	Swiss Franc	French Franc	West German Mark	Italian Lira	Asian \$	Japanese Yen
1 Short term	181-181	127-128	10-11	91-91	34-35	87-9	123-123	14-17	124-124	12-12
1 1/2 months	181-181	127-128	10-11	91-91	34-35	87-9	123-123	14-17	124-124	12-12
2 months	181-181	127-128	10-11	91-91	34-35	87-9	123-123	14-17	124-124	12-12
3 months	175-176	125-126	11-12	91-91	34-35	87-9	123-124	14-15	125-126	11-12
6 months	175-176	125-126	11-12	91-91	34-35	87-9	123-124	14-15	125-126	11-12
One Year	175-176	125-127	11-12	91-91	34-35	87-9	123-124	14-15	125-126	11-12

Long-term Eurodollar two years 13%-13% per cent; three years 13%-13% per cent; four years 13%-13% per cent; five years 13%-13% per cent nominal closing rates. Short-term rates are call for 12 months U.S. dollars; Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.05-13.15 per cent; three-months 13.80-13.90 per cent; six-months 13.80-13.95 per cent.

## INTERNATIONAL MONEY MARKET

## Rates mostly firmer

Interest rates were generally firmer yesterday, with a number of central banks raising lending rates. In Singapore the discount rate on bank bills was increased by the Monetary Authority of Singapore to 10 per cent from 9% per cent. The rediscount rate on export bills was also increased, to 8% per cent from 8% per cent. These latest moves are seen by the market as a further step by the authorities to ensure high interest rates, partly to keep in line with other countries. Credit conditions were tightened about two weeks ago when the authorities closed the "window" to discount houses, normally a source of funds at a preferential rate, thus forcing interest rates higher in the open money market. Of the four major local banks, three raised their prime rates last week to 11 per cent from 10% per cent, a step already taken by the fourth.

In Rome, interbank money rates were up by about one per cent, following the latest increase in the discount rate to 161 per cent. At the same time the Bank of Italy offered to inject funds into the market through the sale and repurchase of 15-day Treasury bills at 171 per cent. The previous facility carried a rate of 16 per cent. In Paris call money rose to 111 per cent from 111 per cent on Friday, with longer term rates

## UK MONEY MARKET

## Adequate supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit remained in good supply in the London money market yesterday, and discount houses balanced their books without any assistance from the Bank of England. Market factors were mostly flat, although there was a small excess of Government disbursements over revenue transfers to the Exchequer. Discount houses were paying 15-15% per cent for secured call loans at the start, with later balances taken between 15% per cent and 16 per cent. Houses were helped to some extent by the approaching end of the quarter, with institutions placing money with the houses to count as reserve assets.

## LONDON MONEY RATES

## MONEY RATES

Sept. 29	1980	Sterling	Certificate of deposit	Interbank	Local Authority deposits	Local negotiable bonds	Finance House Deposits	Discount Company market Deposits	Treasury Bills 5	Eligible Bank Bills 6	Fine Trade Bills 8
1 Short term	13	13	13-13	13-13	13-13	13-13	13-13	13-13	13-13	13-13	13-13
2 days notice	13	13	13-13	13-13	13-13	13-13	13-13	13-13	13-13	13-13	13-13
7 days notice	13	13	13-13	13-13	13-13	13-13	13-13	13-13	13-13	13-13	13-13
One month	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154
Two months	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154
Three months	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154
Six months	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154
Nine months	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154
One year	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154
Two years	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154	154-154

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13%-13% per cent; five years 13%-13% per cent; 10 years 13%-13% per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month Treasury bills 14%-14% per cent; four-month trade bills 15%-15% per cent; three-month bills 15%-15% per cent; one-month bills 15%-15% per cent; six-month bills 15%-15% per cent; 12-month bills

## Bid spurs asset sale at City Investing

By Terry Byland

PLANS BY City Investing, the New York housebuilding and manufacturing conglomerate, to sell assets worth an estimated \$800m were precipitated by last July's unwanted bid approach by Tanco Enterprises. Mr. G. Scharffenberger, the chairman, said in London yesterday.

Tanco, the private investment vehicle of Mr. Lyman C. Hamilton, former head of International Telephone and Telegraph, offered the equivalent of \$32.50 a share for the whole of City's assets. But said Mr. Scharffenberger, an independent appraisal had valued the assets at \$48.50 a share.

Mr. Scharffenberger was unwilling to itemise the assets now on offer but said that they had a book value of \$541m and an estimated market value of \$800m. The assets, equally divided between shares and real assets, are likely to include oil and gas interests among which is a holding in the Buchan field in the North Sea. The board disclosed in July that it was considering selling off the Buchan stake.

The planned sales, which represent less than 10 per cent of total assets, are seen as merely a trimming of less productive assets and not as a major restructuring of the company. There were no plans for further substantial sales in the near future.

The proceeds will go towards reducing City's balance-sheet debt which at present stands at about \$1.5bn compared with \$1bn of equity capital.

## Advance for Rite Aid

By Our Financial Staff

RITE AID CORPORATION, the expanding discount drug store group, pushed up net profits by 20 per cent from \$6.55m to \$7.85m in its second quarter. At the same time sales rose by 14.6 per cent to \$229.1m.

Earnings per share were 75 cents compared with 62 cents. The previous year's figures have been adjusted to reflect the change to last-in-first-out (LIFO) accounting. For the latest quarter the LIFO charge was 6 cents a share against 4 cents for the 1979 quarter.

After six months profits were up by 19.7 per cent from \$12.39m to \$14.52m, on sales almost 19 per cent ahead from \$381m to \$452.8m. Earnings per share advanced by 23 cents to \$1.41, with the LIFO charge at 14 cents (10 cents previously).

## Seatrail deal will boost Narby's Atlantic position

By WILLIAM HALL, SHIPPING CORRESPONDENT

Mr. Frank Narby's Cast Containers group has agreed to take over a substantial part of the North Atlantic marketing organisation of the ailing Seatrail group, a move which will considerably strengthen Cast's position in the North Atlantic trades.

Europacanadian Shipholdings of Bermuda (Cast's parent) has agreed to pay Seatrail \$5m for 20 Seatrail offices in North America and Europe. It has also agreed to take on 200 of Seatrail's staff and 1,000 forty-foot boxes.

Earlier this month Seatrail announced that it was pulling out of the U.S.-North Europe container trade and "sub-chartering" six of its container

ships to Trans Freight Lines, an Australian shipping company. The deal also involved 7,000 containers.

Partly as a result of the fierce rate war on the North Atlantic, Seatrail has been under considerable financial pressure. Over the weekend it announced a fourth quarter loss of \$32.4m and said it was rescheduling its heavy borrowings.

Cast's move to take over a large part of the Seatrail marketing organisation comes after its decision to double its North Atlantic container capacity over the next two years. At the moment it is carrying about 80,000 twenty-

foot equivalent units (TEUs) a year. Cast has ordered six new combined container/bulk carriers for its North Atlantic service. This will give it an annual carrying capacity of 180,000 TEU by 1982. The new ships are considerably more efficient than conventional container ships because they carry bulk cargo as well as containers and are equipped with economical diesel engines.

The Cast group employs 500 and has annual revenues of \$350m. Cast has recently ordered 4,000 forty-foot boxes (3,000 TEU in total) and is tripling the size of its trucking operations in North America and Europe.

Mr. Scharffenberger was unwilling to itemise the assets now on offer but said that they had a book value of \$541m and an estimated market value of \$800m. The assets, equally

divided between shares and real assets, are likely to include oil and gas interests among which is a holding in the Buchan field in the North Sea. The board disclosed in July that it was considering selling off the Buchan stake.

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The proceeds will go towards reducing City's balance-sheet debt which at present stands at about \$1.5bn compared with \$1bn of equity capital.

Mr. James Reid, the chairman, told the annual meeting yesterday that its Silent Channel products division had been hit by a combination of a declining European car sales and continuing manufacturing problems in its own plants. The workforce had been drastically reduced and every effort was being made to correct the problems, he said.

Mr. Reid was more optimistic about prospects for the U.S. market. Standard Products had received substantial new orders for its moulded and extruded rubber and plastic parts on its new front wheel drive small cars being introduced by the major manufacturers. It had also re-

ceived a big order for tracks for the new XM-1 tank.

Mr. Reid predicted sales in the quarter would reach \$47m, down slightly from last year's \$51.9m.

He added: "Standard Products has made significant progress during the past year in tightening all phases of its operations. The number of new parts we have on 1981 model cars is high, with more orders already on hand for 1982 cars. "While our UK problems remain to be solved, the continued upturn in U.S. car production will provide the opportunity for a profitable year, with expected improvement as the year progresses."

## Standard Products expects loss

By DAVID LASCELLES IN NEW YORK

STANDARD PRODUCTS, the Cleveland company which makes automotive parts, yesterday forecast a loss for the quarter ending today mainly because of what it termed "a continuing serious drain" from its operations in the UK.

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## Avco shows little change in third-quarter profits

By OUR FINANCIAL STAFF

AVCO CORPORATION, the financial services, property, film and manufacturing group, has reported third quarter net profits little changed at \$34.6m compared with \$34.5m.

Revenues for the quarter were ahead from \$474.2m to \$528.5m and basic earnings per share came out at \$1.95 against \$1.89. The result includes extraordinary profits of \$500,000 compared with \$600,000 previously.

Despite the marginal advance for the quarter, earnings for the nine months are still showing a decline and the company said yesterday that it continued to expect its annual profits to show a drop of about 12 per cent from the \$132.3m reported for 1979.

The nine-month total was 7.5 per cent down from \$101m to \$93.4m on revenues ahead from \$1.4bn to \$1.6bn. Extraordinary credits totalling \$1.2m against \$4.2m were included.

Earnings per share for the nine months were \$5.23 compared with \$5.87 and fully diluted were \$3.75, down from \$4.10.

Despite the marginal advance for the quarter, earnings for the

nine months are still showing a decline and the company said yesterday that it continued to expect its annual profits to show a drop of about 12 per cent from the \$132.3m reported for 1979.

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## NCR to press on with bid

By Our Financial Staff

NCR CORPORATION, the U.S. computer group, is to go ahead with its more than \$60m bid for Applied Digital Data Systems despite action by shareholders

of Applied and the New York Attorney-General's office.

NCR's bid for the video display terminal maker has been challenged through the court's by Applied shareholders while the Attorney-General's office has begun an investigation to see if the bid complies with New York take-over laws.

NCR is bidding \$12 per common share and \$27 for each of the convertible preferred shares. As of last Friday it had won acceptances for \$33.224 of the 4.68m common shares and 27,626 of the 162,549 preferred shares.

The next issue in the French franc sector should be announced later today, a FFr 300m issue for Renault through Societe Generale. The borrower is expected to pay a coupon of 132 per cent for five years. French franc bond yields have risen by about 1 per cent cent during the past eight days.

Two sectors of the market remain relatively calm. In the Swiss franc sector prices gained one-eighth of a point on the day. Soditic is arranging a Swiss Fr 30m ten-year public floating rate bond for Autopistas Vasco Aragonesa which includes a minimum coupon of 61 per cent and a margin of 1 per cent and a price of 99.

In the dollar sector the Kingdom of Sweden has arranged a \$150m floating rate note issue through Salomon Brothers. Interest is set at 1 per cent over the six-month Libor rate for eight years with a minimum coupon of 51 per cent. Commissions on this issue, which comes in denominations of \$100,000 and is earmarked for bank portfolios, amount to 13 per cent. The issue has been underwritten by what is essentially a group of Japanese and Belgian banks.

Yamaiichi is expected to launch one of the largest dollar convertibles for Matsushita Electric later today. The coupon is expected to be around 71 per cent. Seasoned convertibles were weaker yesterday.

The City of Stockholm became the second sector to raise a Kuwaiti dinar bond since this sector of the market reopened at the end of last month. Kuwait Investment Company is arranging the KD 7m bond which carries a coupon of 91 per cent for ten years. This bond will bring to \$2.6bn the amount Swedish borrowers have raised in the international bond markets so far in 1980.

The group said that the profits slumped from FFr 13.5m to FFr 7.6m (\$1.8m), been caused mainly by the high level of inflation and low growth in the industrialised world. At the same time, performance was hit by the French air traffic controllers' strike last autumn.

The overall level of income from gambling fell by 12 per cent, but the company says that the performance of the different gaming enterprises varied widely. Roulette revenue, for example, was down 48 per cent, the American games increased receipts by 86 per cent.

On the hotels side, where SEM has been trying modernisation and improvements, the company managed to produce a trading profit for the third year in succession. Results in the current year show a slight improvement.

As of day 0 on week -2

## Monaco gaming group setback

By Terry Dodsworth in Paris

SOCIETE des Bains de Mer, the company which manages the principal hotels and gaming rooms in Monaco, suffered a sharp fall in profits in the year to the end of March.

The group said that the profits slumped from FFr 13.5m to FFr 7.6m (\$1.8m), been caused mainly by the high level of inflation and low growth in the industrialised world. At the same time, performance was hit by the French air traffic controllers' strike last autumn.

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As of day 0 on week -2

Average price changes... On day 0 on week -2

Change on day 0 on week -2

## IBH COMPLETES TEREX PURCHASE

## Taking on the multi-nationals

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE SALE by General Motors of its Terex subsidiary to the IBH group, announced in Detroit yesterday, puts the German-based IBH into the top league of international construction equipment manufacturers. The inclusion of Terex pushes forecast sales in 1981 up to DM 2.3bn (\$1.3bn) where it ranks alongside manufacturers like John Deere and Case/Poole.

More important is that the acquisition brings a range of heavy earthmoving equipment into the IBH product line, which had previously been absent, and greatly improves its North American distribution. The established Terex dealer network in other parts of the world, which includes the Blackwood Hodge group in many countries, will also increase the effectiveness of IBH's distribution outside Europe.

The deal that has been struck between Horst-Dieter Esch, president and chief executive of IBH, and General Motors, resembles closely those that he has concluded with other groups. The purchase price has not been disclosed, but General Motors has agreed to

put up DM 40m in return for a 13.6 per cent stake in IBH.

The deal will become effective on January 1, 1981, giving Esch the opportunity to gain an inside view of the operation before finally taking it over. In the past, this breathing space has frequently been used to make top management changes.

Esch has a theory that the problems of many companies in this sector are due to top-heavy management in relation to the size of the total work force.

At this stage, it is not possible to speculate on whether Terex falls into this category. Esch had been looking for a company in the U.S. which is already well-managed, because he did not feel that he could spare the time to spend a long period away from Europe getting a company into shape.

Terex has not been particularly successful in recent years. It was acquired by GM in 1953, and looked at one time to be a natural and successful extension of GM's automotive activities. But competition among construction equipment manufacturers has intensified, and Terex—specialising in heavy-duty equipment for use in big public sector construction projects, mining—has lost out to

minded dedication which is only permitted in companies that are wholly engaged on this type of machinery. GM, by contrast, has been increasingly absorbed in the demands posed by the re-equipping of its automobile plants.

## German Cartel Office attempts French veto

By Leslie Collett in Berlin

IN AN attempt to exercise its powers outside its national boundaries, the West German Cartel Office has vetoed a French deal between Bayer, the major German chemical group, and the U.S. tyre group, Firestone.

The deal involves the acquisition by Firestone of a plant in Port Jerome, near Le Havre, belonging to Firestone France, the airline transport and television group, TNT, now holds 50 per cent of ATI, with News Corporation the other 50 per cent, after a protracted struggle for control of the group last year.

The Cartel Office in West Berlin, an independent agency of the Bonn Economics Ministry, argued that the takeover would increase the "market dominating" position in West Germany of Bayer and Bunawerke, its 50 per cent-owned subsidiary.

The Firestone factory in question sells 90 per cent of its production outside West Germany, mainly in France. But the Cartel Office noted that Bayer would also acquire licences and patents from Firestone and that the capacity of the factory could be used to gain a larger share of the West German market. Equally important, it was said, that a "potential competitor" of Bayer would be eliminated.

Bayer, which had a turnover last year of DM 28bn, charged that this was the first time the Cartel Office had intervened "in the structure of the French economy." The company said that in its ruling the Berlin office had not taken into consideration German and French economic interests.

The Cartel Office admitted this was the first time a German subsidiary outside West Germany was being prevented from taking over a non-German production facility.

## Advance at Thomas Nationwide

BY JAMES FORTH IN SYDNEY

THOMAS Nationwide Transport (TNT), the international transport group, lifted earnings by 72 per cent in the year to June and has stepped up the dividend. Group profits, including equity accounted earnings, jumped by A\$23.3m to A\$40.16m (US\$44m).

The result reflects only 23 per cent of the earnings of Ansett Transport Industries (ATI), the airline, transport and television group. TNT now holds 50 per cent of ATI, with News Corporation the other 50 per cent, after a protracted struggle for control of the group last year.

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The current full year's result will reflect the higher ATI stake and Sir Peter Abell, TNT's chief executive, said yesterday that another sales and profit increase was expected.

The inclusion of A\$4.38m of ATI's earnings meant that Australian activities accounted for slightly more than 50.4 per cent of group profits for the latest year. The result lifted earnings a share from 31.7 cents to 44 cents, providing solid cover for the dividend, which is raised from 11 cents to 12 cents. Turnover advanced by 26 per cent to A\$772.03m and

investment income doubled to A\$21.83m.

Trans Freight Lines had a very successful year, the directors said, and since year-end the fleet has been doubled by acquiring the North America-Europe Atlantic operations of Seatrain SA, which expanded the existing operation and added a Mexico-Europe service. They added that all U.S. activities performed well and a large increase in business for Alltrans Alaska and Alltrans Arctic was expected when construction of the Alaska gas pipeline commenced.

Results for the current year will reflect the A\$90m takeover of Olympic Consolidated Industries, the tyre, cable and industrial group. Dunlop of the UK holds just over 10 per cent of Dunlop Australia's capital.

The Australian government, for its recent decision to continue protection for the footwear, clothing and textile industries.

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## Record at Hanimex despite jump in tax

BY OUR SYDNEY CORRESPONDENT

HANIMEX, the international photographic and leisure goods manufacturer, increased earnings by 38 per cent from A\$4m to a record A\$5.6m (US\$6.5m) in the year to June, despite a four-fold increase in tax and slow business conditions in European distribution subsidiary.

The dividend has been increased from 8 cents a share to 8.5 cents payable on capital increased in the year by one-for-

ten scrip and cash issues. The directors expect to pay 9 cents a share for the current year.

Turnover rose 18 per cent from A\$128m to A\$151m (US\$177m). Pre-tax profit was 66 per cent higher at A\$7.39m but tax jumped from A\$4.37m to A\$1.8m. The tax increase would have been greater but for stock appreciation relief of A\$1.2m made in the UK. The directors said the group's UK operations made a strong con-

tribution to results with an outstanding lift in both sales and profits.

Although distribution subsidiaries in Europe experienced difficult economic conditions and relatively slow growth in demand for photographic equipment, the Australian operations showed significant gains. Unfavourable economic conditions in the U.S. caused difficulties and the division incurred a small loss.

## Pick'n'Pay raises income as more outlets open

BY DEL KILALEA IN JOHANNESBURG

PICK'N'PAY, one of South Africa's largest food retailing groups, increased its pre-tax earnings by 25 per cent to R9.4m (\$12.4m) in the five months to end-August, on a gain in turnover of 30 per cent to R33.5m.

The nationwide supermarket organisation looks set to beat its minimum 15 per cent to 20 per cent gross with target for the full financial year to end-February. Earnings a share rose to 243 cents in the half from 187 cents and a 56 cents interim dividend has been declared, against 44 cents.

Pick'n'Pay continued its store expansion programme in the six months by opening a supermarket and a hypermarket and four new outlets are due in the September to February period. The openings were the reason why the pre-tax profit margin in the first six months trading

fell to 2.8 per cent, from 2.9 per cent the previous year.

Mr. Raymond Ackerman, the chairman, comments that planning and opening of new stores becoming increasingly costly, but ultimate returns, he says, more than justify these expenses. The group now has 52 supermarkets and hypermarkets throughout South Africa.

One of the group's store openings planned for the second half of the year is a hypermarket at Mitchells Plain, near Cape Town. This is to be operated by an associate in which Pick'n'Pay will own 49 per cent, with 51 per cent being offered to the local lower-income population.

The outlook for the second half is bright. Though Mr. Ackerman has admitted that large turnover and profit gains are difficult from so big a base, he expects that the second six months will contribute a greater proportion of the year's earnings than previously. This comes on the back of the group's success with its five hypermarkets in the Christmas trade periods.

Last year the second six months produced sales of R297m, compared with R258m in the first half. Based on forecasts for the second six months and the consumer boom, there is little reason why the 12 months sales total should not be around R750m. This would indicate earnings of 650 cents compared with 481 cents last year.

The group has indicated that the liquidity arising from being a cash business will mean a gradual increase in the percentage paid out in dividends to shareholders. Market estimates for 1980 suggest that this year's dividend could be 210 cents (180 cents). Ahead of the interim announcement, the share price added 60 cents to 4.400 cents on the Johannesburg stock exchange to yield 5 per cent.

U.S. \$25,000,000

Floating Rate London-Dollar Negotiable Certificates of Deposit, due March 31st, 1981

## THE SANWA BANK LIMITED LONDON



In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 30th September, 1980 to 31st March, 1981, the Certificates will carry an Interest Rate of 13% per annum. The relevant Interest Payment Date will be 31st March, 1981.

Credit Suisse First Boston Limited Agent Bank

U.S. \$25,000,000

Floating Rate Notes Due 1989

## UNITED OVERSEAS BANK LIMITED

(Incorporated in the Republic of Singapore)



In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 30th September, 1980 to 31st December, 1980, the Notes will carry an Interest Rate of 13% per annum. The relevant Interest Payment Date will be 31st December, 1980 and the Coupon Amount per U.S. \$1,000 will be U.S. \$34.18.

Credit Suisse First Boston Limited Agent Bank

## Harvester poised to take control of Enasa

By Robert Graham in Madrid

INTERNATIONAL Harvester (IH) and the Spanish State holding company, INI, were due to sign a Pta 15.4bn (\$220m) deal whereby IH is to take over management of the heavy vehicle producer Enasa and set up a new engine plant in Spain.

Starting from the base of a few companies in Germany and France, the company has acquired Hymac in Germany from Massey-Ferguson, followed by another German company, Wibau, and a stake—believed to be around 13 per cent—in the Chicago-based Petrone Corporation, all within the past two years.

Terex, which has factories in the U.S., Scotland, Brazil and Canada, is IH's most ambitious move to date. (The deal will not include GM's components operations in Peterhead, Scotland, or the production operation at the diesel division in Canada.) But there will be no shortage of potential sellers queuing at the company's door in the hope of persuading Herr Esch to take on yet another lossmaker.

INI currently owns 91 per cent of Enasa, Spain's largest producer of medium and heavy trucks. Under the deal INI is expected first to buy out the remaining shareholders (mostly banks). It will then sell 35 per cent of the equity to IH who would contribute to enlarging Enasa's capital base.

Parallel with this, a new joint INI-IH company will be set up, this time with IH holding the 65 per cent controlling stake, to produce engines. Initial capacity of the plant is scheduled to be 100,000 units.

It seems that INI will guarantee to cover Enasa's losses for up to three years after signature of the agreement. Last year Enasa's losses amounted to \$100m. But INI is willing to pay this price in order to have the company fully integrated into a multinational company.

Without such integration INI officials believe Enasa has no future. It was this degree of logic which led INI to try to integrate Seat with Fiat, albeit unsuccessfully.

INI is also close to signing an agreement to integrate its light vehicle producer, Mevosa, with Daimler-Benz.

New Peugeot plant

GLAENZER - SPICER, a French subsidiary of Uni-Cardan of West Germany, intends to set up a plant manufacturing universal joints for the auto industry in association with French motor group, Peugeot. APDI reports from Paris. Uni-Cardan belongs to the GKN group of the UK.

## HK Land raises interim earnings and dividend

By PHILIP BOWRING IN HONG KONG

HONG KONG LAND Company has reported first-half profits to the end of June, excluding extraordinary items, of HK\$227.8m (U.S.\$46.32m), an increase of \$4.5 per cent over the corresponding period of 1979. At the same time, the board has raised its forecast for the whole year by HK\$100m to not less than a record of HK\$550m (U.S.\$12.34m).

The company is a property owner engaged in hotel operations in Hong Kong and south east Asian countries, and is also involved in retailing. It has announced an interim dividend of HK 18 cents per share, compared with HK 12.3 cents adjusted for scrip and rights issues.

Mr. David Newbigging, the

chairman, said that despite the effects of inflation throughout the world on Hong Kong, the year had started well.

Mr. Trevor Bedford, managing director, said that the cash flow from the extraordinary gains was being used to reduce gearing, in particular to retire floating rate debt. He said that the company's Dairy Farm Group so far this year had achieved a 182 per cent increase in turnover, with its sales in the first half reaching HK\$1.53bn (U.S.\$300m), partly aided by sales from the newly acquired Franklins Stores group of Australia. He declined to forecast a final dividend or say whether any bonus issue was likely.

## HK shipping groups show steady growth

By Our Hong Kong Correspondent

TWO HONG KONG based shipping companies have reported steady earnings growth in the half-year to end-June. Orient Overseas Container (Holdings) Ltd (OOCL), which recently acquired Furness Withy in the UK, has reported net profits up by 13.4 per cent to HK\$62.8m (US\$12.6m).

The interim dividend was raised to 10 cents from 9.5 cents. OOCL, the quoted vehicle of Mr. C. Y. Tung's shipping empire, is primarily engaged in scheduled container services but has recently been expanding rapidly its bulk and tanker business.

Meanwhile, Wah Kwong Shipping and Investment Company (Hong Kong), which primarily owns bulk and specialised carriers and tankers on long-term charter, reported first half net profits of HK\$62.5m (US\$10.6m). This compares with HK\$44.7m for the same period of the previous year.

expenditure rose by 28 per cent to 439m ringgit. The number of passengers carried rose by 22 per cent to 3.45m, although the overall passenger load factor remained at 69 per cent.

In terms of load tonne kilometres, cargo transported was 5 per cent higher at 81m.

During the year MAS put into operation its fleet of three airbus, and phased out the Boeing 707 on the Orient route. The airline also began a thrice weekly flight to London and Melbourne/Sydney, and Dubai was added as the company's fifty-seventh destination.

Raja Mohar, the chairman, said the coming years were likely to be tough. Apart from continual rises in fuel costs, MAS expects keen competition arising from the over-capacity of the aviation industry and from the introduction of low fares on certain routes.

AN EXPORT-LED improvement in consolidated earnings has been reported by Komatsu, the world's second largest manufacturer of construction machinery, for the interim period to June 30. Consolidated net earnings jumped by 37.7 per cent to Y18.42bn (\$62.5m) on sales of Y31.06bn (\$1.47bn) up 18.1 per cent over the same period of previous year.

Profits per share advanced to Y18.48 from Y13.52. A reduction in spending on public works hit Komatsu's

domestic sales of construction machinery. But this decline was offset by a rise in industrial machinery sales and by buoyant exports of large bulldozers to the Middle East and South East Asia. Overseas sales accounted for 41 per cent of the total.

With favourable exports of bulldozers, sales of construction machinery increased by 18.3 per cent to account for 80.2 per cent of total sales. Sales of industrial machinery such as presses increased by the full year.

This announcement appears as a matter of record only.

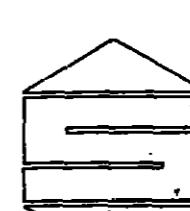


## The British Petroleum Company Limited

is acquiring for approximately £400m.

the entire share capital

of



## Selection Trust Limited



## Malaysia to boost rubber output

By Wong Siong in Kuala Lumpur

THE MALAYSIAN Government would give renewed emphasis to rubber cultivation under the Fourth Malaysian Plan (1981-1985), and a target of 120,000 acres of new rubber land a year for the next five years has been proposed, the Minister of Primary Industry, Datuk Paul Leong, said yesterday. This target is more than double the current rubber planting rate in Malaysia.

Opening the 26th Assembly of the International Rubber Study Group in Kuala Lumpur, he said in the past there had been a rapid shift from rubber to oil palm due to better financial returns.

However, because of the anticipated firm rubber prices and the shortage of rubber in the world market in the future, Malaysia was reviving its rubber industry, whose output has been stagnant at around 1.6m tonnes in the past three years.

Apart from opening new land for rubber, the government was also stepping up its campaign to get the smallholders to replant with high-yield trees.

Datuk Leong said while virtually all the estates have replanted, about 20 per cent of the smallholders' rubber land have yet to undergo replanting.

## India plans to sell off surplus jute

INDIA plans to sell some of surplus raw jute direct to African countries and through parties in London in the current jute season (July-June).

A commerce ministry team which returned last month from Zambia and Kenya has finalised "sizeable contracts" and another currently touring Algeria and Morocco is "receiving encouraging queries," while sales in Britain will be through parties which may resell to other countries, they said.

The government is anxious to dispose of its current carry-over stocks of 867,000 bales from the 1979-80 and 1978-80 seasons, but is not sure if this can be done entirely through exports.

The state-owned Jute Corporation of India bought a total of 1.65m bales in the past two seasons and disposed of 783,000 through sales to jute mills and exports.

The Australian Wheat Board

## Big jump in Britain's grain harvest forecast

BY JOHN CERRINGTON, AGRICULTURE CORRESPONDENT

THIS YEAR'S UK grain harvest will jump to between 18.6m and 18.7m tonnes—well above last year's record crop of 17.3m tonnes—according to estimates issued yesterday by UKska, the association representing the merchant and seed trade.

Giving the estimates at the Association's annual harvest lunch Mr. Martin George, deputy president, said that wheat was the crop of the year. He would produce a record 8m tonnes, partly as a result of a 5 per cent increase in plantings but also because of favourable weather.

The barley crop is estimated at 16m tonnes higher than the previous two years, but not yet as high as that for 1977. This result has been due to the increase in sowings of winter barley. The barley figure must be subject to question as the Scottish harvest is far from complete.

The acreage under oats is showing a rise for the first time for some years and it is

expected that there will be a crop of 600,000 tonnes. For the first time UKska has included oil seed rape and forecasts a return of 275,000 tonnes and the acreage is expected to rise by a third for next harvest.

In the face of this record crop the market outlook is not too promising. The demand for malting barley and livestock feeding is lower than last year and at present exports and intervention are the most promising outlets. A total of 360,000 tonnes of barley and 180,000 tonnes of breadmaking wheat have been offered to intervention. So far, barley offerings have been mainly passing the intervention tests but only 60 per cent of breadmaking wheat has. There is now a considerable delay in the testing procedures for wheat.

Exports have been at a higher level than last year and it is possible that total grain exports would total 2.5m tonnes as against 1.7m tonnes last year. Mr. George hoped that the Com-

mission would be able to continue a positive export policy in view of the increased weight of grain from the EEC as a whole.

Mr. Kingsley Atkinson, chief executive of the Intervention Board, accepted that there were problems of delay over testing breadmaking wheat for intervention but promised that every effort would be made to increase testing capacity should the problem worsen. There was also a possibility that the period of submitting offers of breadmaking wheat might be extended beyond the deadline of October 31 in the Community as a whole.

The overall prospects for the disposal of the UK harvest were good according to T. A. Sewell of the Ministry of Agriculture. Malting barley quality in Denmark and Germany was poor. Scandinavia and Eastern Europe had poor harvests and the traditional barley exporters Canada and Australia had not the usual supplies. The EEC Commission was confident that the harvest could be disposed of.

## Copper hit by heavy selling

By John Edwards

Commodities Editor

heavy selling pressure on the London Metal Exchange yesterday, following the downturn in gold and silver and a general fall in U.S. markets.

Cash wirebars dropped by £23 to £840 a tonne, well below the price level before the Iran/Iraq conflict started.

The market, which moved into its new premises in Plantation House yesterday after 38 years at Whittington Avenue, came under additional pressure following a general cut in U.S. domestic copper prices of 4 cents to 98 cents a lb. Earlier it was confirmed that warehouse stocks of copper had risen again by 2,475 tonnes to a total of 125,250 tonnes.

Other metals were generally easier following the trend in copper and gold. Cash tin, for example, fell by £65 to £7,115 a tonne, in spite of an unexpected fall in stocks—down by 200 tonnes reducing total holdings to 4,515 tonnes. The exception was lead. Speculative buying kept prices steady, in spite of another 2,175 tonnes rise in warehouse stocks raising total stocks to 72,625 tonnes.

However, an unexpected fall in tin stocks, down by 200 tonnes to 4,515 tonnes, failed to prevent the cash price falling by £65 to £7,115 a tonne. Aluminium stocks rose by £125 to £1,700 tonnes; zinc by 75 to £1,700 tonnes and LME silver holdings by 220,000 to 26,570,000 ounces. Nickel stocks fell by 24 to 4,764 tonnes.

## Last attempt to reach coffee agreement

DELEGATES TO the International Coffee Organisation meeting in London will make last-ditch attempts today to reach an agreement in the long-protracted talks. Brazil has warned that it is not prepared to see the talks drag on tonight. They were due to finish last week.

The executive director of the ICO, Mr. Alexandre Betrao, has himself taken the lead in trying to work out a successful formula since the member countries have so far been deadlocked. Talks were going on late last night on his initiative.

## EEC COMMISSION

## Fish policy talks progress

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community's attempt to capture a common fisheries policy by the end of the year was fortified by solid progress on technical issues at a meeting of EEC fisheries ministers here yesterday.

France, whose problems have been especially acute, has recently sent a seven-page memorandum to the Commission sketching out the main elements of the most desirable fishing policy.

The Commission has already made a tentative foray on this issue in July. But as soon as we saw the critical reaction to its quota proposals, Commissioner Finn Olav Gundelach claimed they were intended as more than indicative figures for national catches stemming from the particular method adopted by the Commission.

This attempted to determine a quota for 1980 according to a national industry's performance over a five-year period, to provide compensation for losses in third country waters because of 200-mile limits, and to take into account coastal communities whose economies were heavily dependent on fish.

There may still be plenty of argument ahead over whether

having with their own fishers in the meantime, however, the Commission has followed expert advice and added another 55,000 tonnes to its earlier calculation that the Community's "total allowable catch" (TAC) in 1980 was 931,838 tonnes of "cod equivalent" (this covers six species of fish whose value is determined in relation to that of cod).

Commission officials have worked their original quota proposals but these are not being presented to governments by Mr. Gundelach. The Commissioner may think agreement more likely when the end-year deadline is much closer. But there are also suggestions that he may favour abandoning the effort of agreeing quota figures for 1980 and concentrating instead on 1981.

However, this could run into opposition from member governments who believe that the importance of an agreement on 1980 would be to provide the basis for a straightforward approach for 1981. Any assumptions made this year about the 1981 TAC could be unreliable before the completion of fishing agreements next March.

## Farm ministers study new proposals for sugar marketing

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Commission will today present to EEC Farm Ministers meeting here its revised proposals for a sugar marketing scheme aimed at reducing surpluses at relatively little cost to the Community budget.

However, much opposition is expected among member countries over Commission plans to extend taxes on production and over its revised production quotas, in spite of the latter's being considerably less ambitious than earlier proposals.

Indeed, today's Council of Ministers is expected to be able to do little more than agree to take the new scheme away for study.

Particularly controversial will be the Commission's arrangements that would ensure that virtually all the costs of possible price guarantees and export subsidies are

to be borne by "the producers of excess sugar" and not by the Community budget.

The Commission is proposing that all sugar production covered by guaranteed prices be subject to a 2.5 per cent tax.

However, the Commission's plan also calls for the provision of a 12-month extension of the existing sugar export subsidy, which is set to expire in March.

It is also proposed that total production covered by guaranteed prices be cut by 14,000 tonnes, as opposed to the original proposal of a 12-month tonne reduction.

This is an area where Britain may continue to raise objections. All the proposed cutbacks in production falls from 286,000 tonnes to 52,000.

The Commission based its arrangement of quotas on past production as opposed to previously agreed quotas. Britain, which had not matched its quotas, argues that this was unfair.

The Commission is proposing

to cut B quota production from 2.612m tonnes to 2.026m, while leaving the A quota unchanged from its original proposal of 9,136m.

The A quota is the sector which is set to match EEC consumption. This, according to most forecasts, is expected to stabilise at about 9.5m tonnes annually. The B quota is set as a percentage of the A quota and is decided at the annual EEC farm-prices review. The percentage is currently 27.5, having come down from 35.

Under the proposed arrangements Britain's B quota would drop from its current 286,000 tonnes to 52,000.

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Under the proposed arrangements Britain's B quota would drop from its current 286,000 tonnes to 52,000.

The Commission based its arrangement of quotas on past production as opposed to previously agreed quotas. Britain, which had not matched its quotas, argues that this was unfair.

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## INDUSTRIALS—Continued

## INSURANCE—Continued

## PROPERTY—Continued

## INVESTMENT TRUSTS—Cont.

## FINANCE, LAND—Continued

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## MINES—Continued

Australian

Stock	Price	Yield	Div.	Wk.
Acme 50c	25	—	—	18
ACN 20c	12	—	—	22
Bond Corp.	128	—	—	24
Brown & Root 1 Ken.	314	—	—	24
CAAC 10c	128	—	—	18
CAAC 20c	128	—	—	18
Canada Northern	128	—	—	18
Car Boyd 20c	128	—	—	18
Central Pacific 1	31	—	—	21
Chase Corp. 10c	128	—	—	18
Circle Corp. 10c	128	—	—	18
Cominco 20c	128	—	—	18
Conoco 10c	128	—	—	18
Conoco 20c	128	—	—	18
Conoco 30c	128	—	—	18
Conoco 40c	128	—	—	18
Conoco 50c	128	—	—	18
Conoco 60c	128	—	—	18
Conoco 70c	128	—	—	18
Conoco 80c	128	—	—	18
Conoco 90c	128	—	—	18
Conoco 100c	128	—	—	18
Conoco 110c	128	—	—	18
Conoco 120c	128	—	—	18
Conoco 130c	128	—	—	18
Conoco 140c	128	—	—	18
Conoco 150c	128	—	—	18
Conoco 160c	128	—	—	18
Conoco 170c	128	—	—	18
Conoco 180c	128	—	—	18
Conoco 190c	128	—	—	18
Conoco 200c	128	—	—	18
Conoco 210c	128	—	—	18
Conoco 220c	128	—	—	18
Conoco 230c	128	—	—	18
Conoco 240c	128	—	—	18
Conoco 250c	128	—	—	18
Conoco 260c	128	—	—	18
Conoco 270c	128	—	—	18
Conoco 280c	128	—	—	18
Conoco 290c	128	—	—	18
Conoco 300c	128	—	—	18
Conoco 310c	128	—	—	18
Conoco 320c	128	—	—	18
Conoco 330c	128	—	—	18
Conoco 340c	128	—	—	18
Conoco 350c	128	—	—	18
Conoco 360c	128	—	—	18
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Conoco 610c	128	—	—	18
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Conoco 630c	128	—	—	18
Conoco 640c	128	—	—	18
Conoco 650c	128	—	—	18
Conoco 660c	128	—	—	18
Conoco 670c	128	—	—	18
Conoco 680c	128	—	—	18
Conoco 690c	128	—	—	18
Conoco 700c	128	—	—	18
Conoco 710c	128	—	—	18
Conoco 720c	128	—	—	18
Conoco 730c	128	—	—	18
Conoco 740c	128	—	—	18
Conoco 750c	128	—	—	18
Conoco 760c	128	—	—	18
Conoco 770c	128	—	—	18
Conoco 780c	128	—	—	18
Conoco 790c	128	—	—	18
Conoco 800c	128	—	—	18
Conoco 810c	128	—	—	18
Conoco 820c	128	—	—	18
Conoco 830c	128	—	—	18
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Conoco 850c	128	—	—	18
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Conoco 1050c	128	—	—	18
Conoco 1060c	128	—	—	18
Conoco 1070c	128	—	—	18
Conoco 1080c	128	—	—	18
Conoco 1090c	128	—	—	18
Conoco 1100c	128	—	—	18
Conoco 1110c	128	—	—	18
Conoco 1120c	128	—	—	18
Conoco 1130c	128	—	—	18
Conoco 1140c	128	—	—	18
Conoco 1150c	128	—	—	18
Conoco 1160c	128	—	—	18
Conoco 1170c	128	—	—	18
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Conoco 1370c	128	—	—	18
Conoco 1380c	128	—	—	18
Conoco 1390c	128	—	—	18
Conoco 1400c	128	—	—	18
Conoco 1410c	128	—	—	18
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Conoco 1460c	128	—	—	18
Conoco 1470c	128	—	—	18
Conoco 1480c	128	—	—	18
Conoco 1490c	128	—	—	18
Conoco 1500c	128	—	—	18
Conoco 1510c	128	—	—	18
Conoco 1520c	128	—	—	18
Conoco 1530c	128			

Tuesday September 30 1980

## Stoppage called by Poles

By Christopher Bobinski  
in Warsaw

**POLAND'S** most powerful independent union which claims about 3m supporters is to call a one-hour national stoppage on Friday, the first direct union action since the strikes ended in August.

The decision of the union, the National Committee of Solidarity, comes as serious differences are emerging within Poland's politburo, the Communist party's top policy-making organ, about how to tackle the party's current problems and over what new policies to propose to the Central Committee.

The union's stoppage at mid-day on Friday is being held to protest at the non-implementation by the authorities of a promise to grant wage increases by the end of the month to Polish workers, as agreed when the strikes ended.

The meeting of the party central committee has already been delayed, following the rejection by the politburo on Friday of draft policy documents.

The delay gave rise to rumours that Mr. Stanislaw Kania, the new First Secretary, had left Warsaw for Moscow to face strong Soviet criticism of the party's attitude towards the new trade unions.

Officials here have denied that Mr. Kania left Warsaw, while the official party newspaper, *Trybuna Ludu*, published a strong defence of the new independent unions, in apparent reply to criticism seized in the Soviet news media.

Mr. Kania wrote that "a large part of the 3m Poles want a renewal of 100% trade unions by forming new ones alongside those in existence already, then this trend should be treated in an open and sincere way" by the party.

Yesterday the politburo met again to thrash out its differences and to set a new date for the postponed central committee meeting.

The party leadership under Mr. Kania is thought to hold the view that a thorough break with the past, involving a public account of past errors and corrupt practices, is needed at the meeting if popular confidence in the party is to be restored.

This approach is opposed by those in the politburo who fear that their own positions are threatened. Other members are counseling caution on the grounds that a radical appraisal could consolidate die-hard opposition to new reformist policies among provincial officials within the central committee itself.

The leadership also intends to propose changes in the party statutes which would ensure greater internal democracy and which would be voted on by an extraordinary congress to be held in the next few months.

Continued from Page 1

## Labour

leadership rules are maintained, deliberately set out to disprove the claims of his opponents that he would make a divisive leader.

His one contentious comment was on the need for a future Labour Government to plan for a managed economy "covering prices and incomes, as well as everything else."

But to the relief of Mr. Healey and other moderates, the conference endorsed the launching of talks with the unions to work out a new social contract covering incomes policy before the next election.

Contradictory motions were passed on economic strategy but, in essence, the conference endorsed the agreement reached by the TUC this month on the desirability of agreement with a future Labour Government on economic planning, prices, incomes and profits.

## Brussels sparks EEC discord

By GILES MERRITT in BRUSSELS

A HEAVILY-accented foreign voice has raised itself over the hubbub of the Labour Party's debate at Blackpool on continuing British unionism of the Common Market.

In doing so it has sparked a lively row inside the EEC over the use that officials working for the Community should make of its machinery when seeking to influence domestic politics.

For the voice of the uninvited speaker at Blackpool is that of the Brussels EEC Commission, and its heavy accent is on the advantages that British industry is reckoned to have derived from EEC export markets.

Even at first sight, publication of the special analysis under the

President Pertini consults political leaders

## Bid to resolve Italian crisis

BY RUPERT CORNWELL IN ROME

**PRESIDENT** Sandro Pertini of Italy last night began a pains-taking round of consultations with political leaders to try to find a solution to the country's latest Government crisis.

At the same time, there were strong expectations that the cost of credit to industry would once again increase after Sunday's emergency bank rate rise.

The commercial banks are likely to pass on to borrowers the full 1.5 per centage point rise in the bank rate, which now stands at 16.5 per cent, a record for Italy and the highest in Western Europe.

The lira itself, however, seems to have weathered the upheavals of the weekend reasonably well, helped also by

the stringent measures aimed at preventing leads and lags speculation against the currency.

Although the lira slipped against the U.S. dollar by four points to close on the Italian foreign exchange markets at \$62.50, it showed little change against the currencies of other member countries of the European Monetary System.

Sig. Francesco Cossiga, who resigned as Prime Minister on Saturday, called a Cabinet meeting last night to launch fresh economic measures, which were made necessary by Parliament's rejection of his Government's economic stabilisation package.

What these measures will amount to was not clear last night, but at the very least they

are likely to remove some of the confusion that has arisen over parts of the previous package (including the July rise of L50 a litre in the petrol price) which have technically lapsed.

The prospect of a new credit squeeze (and the absence of a lira devaluation) took a predictably heavy toll yesterday of prices on the Milan Stock Exchange, which had recently been enjoying a sustained boom.

The general index of the Banca Commerciale Italiana dropped by 2.5 per cent to 136.1, but still stood more than 60 per cent above its low for this year.

Sig. Pertini's consultations are likely to prove difficult. A decision on whether to ask Sig. Cossiga to go again before the

chamber, or to nominate another Prime Minister designate, is unlikely before Thursday. There was scant indication last night of the political formula for the next government.

Meanwhile, some fears have been expressed about whether the state visit of Queen Elizabeth II will go ahead as planned from October 14 to 17, when it might well fall in the midst of a prolonged and difficult government crisis.

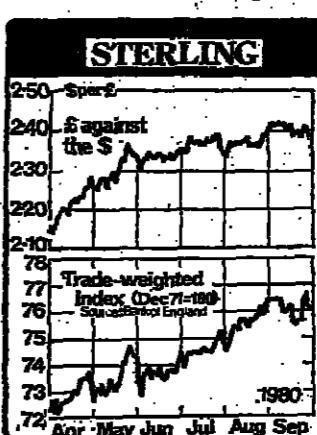
But it seemed improbable last night that the trip would be affected. The Queen is the guest of the Italian President, and not of the government.

Features Page 14; Money Markets: Page 19

## THE LEX COLUMN

## Gazing into the futures

Index fell 5.4 to 475.6



which has performed strongly in recent months, rose a further 8p yesterday to 223p. In fact, at the trading level once the change in wage award timings is taken into account profits are down 24 per cent. Nevertheless, volumes have held firm and the company says that gross margins have at last stopped declining.

While the company may well have gained market share at the expense of the non-specialists and the independents, it seems likely that demand has held up relatively well in the electricals sector. At the same time aggressive price-cutting seems to have eased. Currys has also benefited from a cut in staff levels of about 5 per cent, a switch in sales mix from smaller to larger items and the introduction of own brands.

So pre-tax profits for the full year may be squeezed only a few percentage points from the £11.8m last time, to produce a prospective p/e of below 10, fully-taxed. The rating reflects the market's wait-and-see attitude as the company pushes into cash-hungry TV rental, transforming liquidity of £55m into borrowings of possibly £20m in the next few years.

### Laird Group

On Friday ETR tapped the London stock market for £50m to help its U.S. expansion, and not on its heels yesterday came Laird Group with a £12m share placing which topped up by some £10m of group cash will pay for the purchase of New York Twist Drill Corporation.

Laird has been searching long and hard in the UK for acquisitions, so it is symptomatic of the unromising climate in British industry that it has gone across the Atlantic. Having shut down Patent Shaft

### Currys

Given the gloom surrounding the retail sector, the decline of only 2 per cent in Currys' interim pre-tax profits to £4.5m came as an agreeable surprise to the market. The share price,

New York Twist Drill makes more than 25,000 different tools which it sells to more than 9,000 customers. Some markets, notably the motor industry, are slack, but Laird said it expects to derive additional strength from the acquisition.

Some participants at the meeting felt that it would be wrong to switch to a new system at a time when the growth in sterling M3 might at last be coming under control as a by-product of the recession.

Mostly cloudy with bright intervals, rain early and late in places. Max 16C (61F).

Outlooks: Changeable with rain spreading from west. Rather cold in north.

Wales, N. Ireland

Mostly cloudy with bright intervals, rain early and late in places. Max 16C (61F).

Outlooks: Changeable with rain spreading from west. Rather cold in north.

UK TODAY

Some sunshine, mostly dry but occasional rain.

London, Midlands, S. England, Channel Islands

Sunny intervals developing, some light rain at first. Max 17C (63F).

N. England, Scotland

Sunny periods, rain later in places, winds freshening. Max 16C (61F).

Wales, N. Ireland

Mostly cloudy with bright intervals, rain early and late in places. Max 16C (61F).

Outlooks: Changeable with rain spreading from west. Rather cold in north.

WORLDWIDE

Y'day Midday Y'day Midday

Aljaccio S 26 81 Lisbon S 29 79

Admasd C 17 53 Luxembourg S 21 70

Athens S 26 93 London S 21 70

Bahrain S 34 93 Luxembourg S 18 64

Barcelona S 26 78 Luxor S 49 104

Beruit S 27 81 Madrid S 25 77

Belfast C 11 52 Majorca F 28 82

Bermiz S 22 82 Malaga F 28 79

Bogham C 14 57 M'Charr. S 24 57

Blackpl. C 14 57 Melbne. S 28 82

Bordx. S 24 76 Milan S 21 70

Bough. F 18 64 M'stral S 3 57

Bristol C 14 57 Moscow S 6 43

Budapest S 20 67 M'stral S 12 52

Cairo F 30 55 Nairobi S 28 82

Cardiff S 15 52 Naples S 28 82

Cas'b'ca C 23 75 Newcastle S 14 57

Capo T. S 18 66 Nice F 13 55

Cologen F 19 66 Nicosia S 25 79

Cord. S 22 67 Novor. S 28 82

Dublin R 14 57 O'Conor. S 20 68

Dbrwn. S 23 72 Paris S 17 63

Ednbg. C 13 57 P'ruq. S 16 61

Faro F 16 61 Raykjk. S 9 43

Florence F 22 72 Rhodes S 26 78

G'vanni C 22 72 Rome S 22 73

Funchal C 17 55 Salou. S 13 58

Geneva C 17 55 St'kholm. S 14 57

Gibrtr. C 22 72 Strasbg. S 23 73

Glasgow C 12 54 Sydney S 16 61

G'msey F 18 61 Tangier S 27 81

H'lyk'ng F 20 67 T'ville. S 17 63

H. King. S 18 66 Tokyo S 22 72

Innsbr. S 13 55 Tunis S 30 66

In'v'ns. R 13 55 Valencia S 27 81

Istanbul C 16 55 Venic. S 20 68

Jersey C 17 63 V'nam. S 13 58

Jer'sy'bg F 14 55 Warsaw S 13 58

L' Plms. F 23 73 Zurich S 15 58

C-Cloudy. F-Fair. F-Fog. R-Rain. S-Sunny. S-Sleet. S-Snow.

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